



WORLD CUSTOMS ORGANIZATION  
ORGANISATION MONDIALE DES DOUANES



# Transit Handbook

To Establish Effective Transit Schemes for LLDCs

World Customs Organization



## **Contents**

<b>I. Introduction</b>	1
1. Background	1
2. Scope and objectives	1
<b>II. International Frameworks</b>	4
1. WTO Trade Facilitation Agreement (TFA)	4
2. The Revised Kyoto Convention	4
3. Other international agreements	6
4. Regional agreements/arrangements	8
<b>III. Challenges for transit</b>	11
1. Benefits of effective transit operations	11
2. Landlocked Developing Countries (LLDCs)	11
3. Almaty Programme of Action	14
4. Complexity of transit procedures	14
5. Approaches for an effective transit system	16
<b>IV. Effective information sharing</b>	18
1. Benefits of information exchange	18
2. Bilateral Agreement or MOU	18
3. WCO tools for effective information exchange	19
4. Robust IT infrastructure	20
5. Members' Practices	20
<b>V. Guarantee system</b>	29
1. General principles of guarantees for transit	29
2. International guarantee systems	32
3. Members' Practices	33
<b>VI. Simplification of formalities</b>	35
1. General principles in the TFA and RKC	35
2. International Customs documents – TIR Carnet and ATA Carnet	36
3. Members' Practices	39
<b>VII. Risk Management</b>	40
1. General principle of Risk Management	40

2. Authorized Economic Operator	41
3. Pre-arrival information	42
4. Members' Practices	42
<b>VIII. Customs seals and other security measures</b>	<b>55</b>
1. Integrity of the consignment	55
2. Customs seals	55
3. Time period	56
4. Customs escort and convoy	57
5. Road checkpoints and corruption	57
6. Members' Practices	58
<b>IX. Border infrastructure</b>	<b>61</b>
1. Specific infrastructure for transit	61
2. Members' Practices	61
<b>X. Coordinated Border Management</b>	<b>63</b>
1. Coordinated Border Management	63
2. One-stop border post (OSBP)	64
3. Members' Practices	65
<b>XI. Performance measurement</b>	<b>68</b>
1. Time Release Study	68
2. Performance Indicators	69
3. Members' Practices	72
<b>Annex I WTO Trade Facilitation Agreement</b>	<b>74</b>
<b>Annex II Revised Kyoto Convention</b>	<b>76</b>
<b>Annex III TIR Convention</b>	<b>81</b>
<b>Annex IV Istanbul Convention</b>	<b>103</b>
<b>Annex V WCO Data Model – Business Process for Transit</b>	<b>126</b>

# I. Introduction

## 1. Background

Transit is a procedure which allows goods to move under Customs control from the Customs office of departure to the Customs office of final destination. Dysfunctional Custom transit procedures increase transportation costs and constitute a major obstacle to international trade. There has been considerable discussion in the international community around how to ensure a secure and efficient transit system.

To develop an effective and efficient transit system, a number of factors should be considered. For instance, well-designed guarantee systems that cover the payment of import duties, taxes and other charges are essential for the smooth movement of transit goods. Information sharing among Customs offices and streamlined documentation flows make transit procedures straightforward and transparent. Customs seals are mechanisms that ensure the physical integrity of the goods, making certain that the goods present at the start of a transit operation will leave the transit country in the same state and quantity.

Transit has been highlighted as one of the key elements of the Economic Competitiveness Package (ECP), because efficient transit procedures contribute greatly to the enhancement of economic competitiveness. In this regard, the Action Plan for the ECP, which was endorsed by the Policy Commission in December 2012, indicated that Members' innovative practices in this field would be collected by the end of 2013. The Action Plan also envisages that the WCO will develop a new tool or instrument for the ECP by the end of 2014, based on the collection of innovative practices.

The ECP Action Plan mentions the possible development of new instruments and tools, based on the collection of best practices and the performance of a gap analysis, by the end of 2014. To date, 17 Members (Angola, Argentina, Azerbaijan, Bulgaria, Croatia, Georgia, Hong Kong China, Hungary, Jordan, Kenya, Lithuania, Poland, Senegal, Serbia, Switzerland, the United Kingdom and the United States) have provided the WCO Secretariat with information on their transit practices.

In addition, the WCO has organized regional ECP workshops in all WCO regions; all the regions considered transit to be a high-priority area for them, and it was noted that the sharing of innovative practices among Members could be a suitable approach.

Considering the input from Members, as well as the existing WCO tools, one of the best possible options would be to develop a new Transit Handbook introducing the basic principles of transit operations and covering common challenges, together with Members' actual practices and experiences. At the WCO Permanent Technical Committee (PTC) session held in November 2013, Members agreed that developing the Transit Handbook would be an appropriate means of introducing Members' innovative practices, and that the examples given might help to resolve the difficulties that other Members are facing.

## 2. Scope and objectives

The basic principle of Customs transit is to permit goods to move, under Customs control, from one Customs office to another in the same Customs territory or another Customs territory, without collecting duties and taxes and without applying economic prohibitions or restrictions, or other commercial policy measures. Chapter 1 of Specific Annex E to the Revised Kyoto Convention (RKC) defines Customs Transit as "*the Customs procedure*

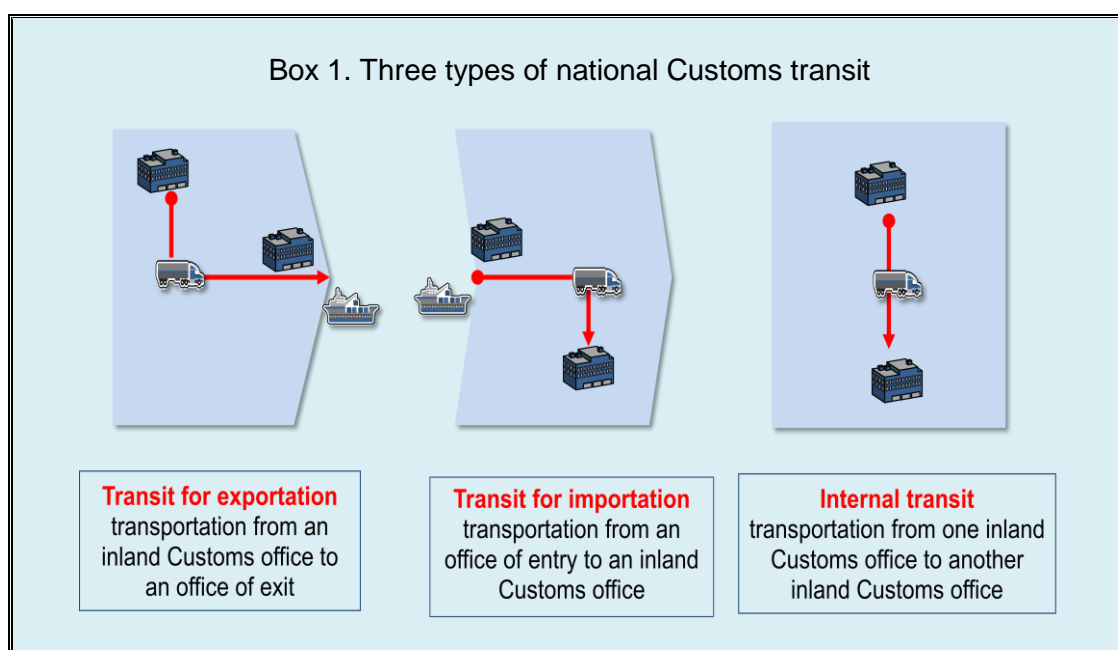
under which goods are transported under Customs control from one Customs office to another". The RKC Guidelines on Specific Annex E provide definitions of national Customs transit and international Customs transit, as follows.

**“National Customs transit”**: when the transit procedure applies to one country or Customs territory only and the office of departure and the office of destination are in the same territory. Any security required relates only to the transit movements in the Customs territory concerned.

**“International Customs transit”**: when the transit movements are part of a single Customs transit operation during which one or more frontiers are crossed in accordance with a bilateral or multilateral agreement. This agreement generally sets out the form of the Goods declaration for Customs transit and, if required, a security acceptable in each of the administrations which are parties to this agreement.

According to Standard 2 of Chapter 1 of Specific Annex E to the RKC, national Customs transit can be divided into three types of transportation, as follows.

- (1) Transit for importation (transportation from an office of entry to an inland Customs office),
- (2) Transit for exportation (transportation from an inland Customs office to an office of exit),
- (3) Internal transit (transportation from one inland Customs office to another inland Customs office).



This Transit Handbook deals with various aspects of the operation of Customs transit procedures, and is accordingly intended to serve as a practical guide to assist WCO Members to develop a more functional and effective transit system which may contribute to the enhance of economic competitiveness and secure their revenue.

The Transit Handbook provides valuable information on: the importance of transit; legal frameworks, including the WTO Trade Facilitation Agreement (TFA) and the RKC; relevant WCO tools and instruments, such as the SAFE Framework of Standards; and the practices

and experiences of WCO Members. All of this information is categorized in accordance with the following key approaches.

- (1) Effective information sharing*
- (2) Guarantee system*
- (3) Simplification of Customs formalities*
- (4) Risk Management*
- (5) Customs seals and other security measures*
- (6) Border infrastructure*
- (7) Coordinated Border Management*
- (8) Performance measurement*

In particular, this Handbook will help developing and least-developed Members to assess the effectiveness of their transit schemes and identify any further improvements needed. The Handbook may help them to pinpoint bottlenecks in their transit systems and find the information required to solve them. They may also identify technical assistance and capacity building needs through the Handbook.

## II. International Frameworks

### 1. WTO Trade Facilitation Agreement (TFA)

At the Ninth Ministerial Conference, held in Bali, Indonesia, from 3 to 7 December 2013, the World Trade Organization (WTO) adopted the Trade Facilitation Agreement (TFA). This constitutes an important milestone for the WTO and for global trade. In particular, the conclusion of the TFA has a great impact on effective transit procedures and may be beneficial for Landlocked Developing Countries (LLDCs). The TFA includes a specific Article on freedom of transit, and strengthens the key principle of freedom of transit as defined by Article V of the General Agreement on Tariff and Trade (GATT).

Article V of the GATT states that “*there shall be freedom of transit through the territory of each Contracting Party, via the routes most convenient for international transit, for traffic to or from the territory of other Contracting Parties*”. Article V stipulates the key principles of freedom of transit, such as (1) no distinction shall be made based on the flag, origin, place of departure, entry or exit, destination or ownership of goods, vessels or any other means of transport; (2) prohibition of unnecessary delays or restrictions; (3) exemption from Customs duties, transit duties and other transit-related charges, (4) reasonable level of charges and (5) most favoured nation treatment with regard to charges, regulations and formalities.

Article 11 of the TFA (concerning freedom of transit) strengthens the principles of freedom of transit, and introduces transit measures that include the prohibition of voluntary restraints (paragraph 3), physically separate infrastructure (paragraph 5), minimum documentation requirements and formalities (paragraph 6) and pre-arrival filing (paragraph 9). Article 11 also lays down several requirements regarding guarantees. Moreover, WTO Members are encouraged to cooperate and coordinate with one another with a view to freedom of transit (paragraph 16), and each WTO Member is encouraged to appoint a national transit coordinator to which all enquiries and proposals can be addressed (paragraph 17). The new transit measures introduced by this Article are directly linked to the concerns and challenges that LLDCs are facing today. The implementation of these measures may improve transit operations and bring considerable economic benefits to LLDCs.

It is also worth mentioning that other Articles of the TFA also cover important issues relating to transit operations. Article 9 (Movement of goods intended for import under customs control) obliges WTO Members to allow goods intended for import to be moved to the Customs office where the goods will be released or cleared. This requirement is categorized as national transit. In addition, Article 1 (Publication and availability of information) requires that the transparency of transit procedures be enhanced by utilizing the Internet. Article 10 (Formalities connected with importation, exportation and transit) states that requirements in terms of transit formalities and documentation must be minimized.

### 2. The Revised Kyoto Convention

Another important international agreement for an effective transit system is the Revised Kyoto Convention (RKC). The RKC provides a comprehensive set of uniform principles for simple, effective and predictable Customs procedures with effective Customs control. It thus responds to the key needs of modern-day Customs administrations and the demands of international trade, by providing a balance between the Customs functions of control and revenue collection and the needs of trade facilitation.

Chapter 1 of RKC Specific Annex E focuses on Customs Transit. This Chapter provides for a transit system which is intended to achieve maximum facilitation for the movement of goods under Custom control in international transport, as well as providing transit countries with the requisite security and Customs guarantees. It outlines facilitative measures such as open transport supported by timely information (rather than requiring the sealing of the transport unit), and simplified procedures granted to authorized consignors and consignees. The essential elements required for a transit system are also reflected in this Chapter. For instance, it includes practical standards concerning responsible persons, authorised consignors and consignees, formalities at the office of departure, Customs seals and the time limit for transit.

Both the TFA and the RKC encourage the development of further cooperative arrangements to facilitate transit operations. Thus, paragraph 16 of Article 11 of the TFA requests WTO Members to cooperate and coordinate with one another. Cooperation may include an understanding on charges, formalities and legal requirements, and the practical operation of transit regimes. Such arrangements provide for the harmonization of Customs transit procedures, the exchange of information and common IT transit systems. The RKC recommends that Contracting Parties carefully consider the possibility of acceding to international agreements relating to Customs transit.

#### **Box 2. Further cooperation regarding transit – TFA and RKC**

##### **Article 11 of the TFA**

*16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:*

- (a) charges;*
- (b) formalities and legal requirements; and*
- (c) the practical operation of transit regimes.*

##### **Recommended Practice 26 (RKC Specific Annex E, Chapter 1)**

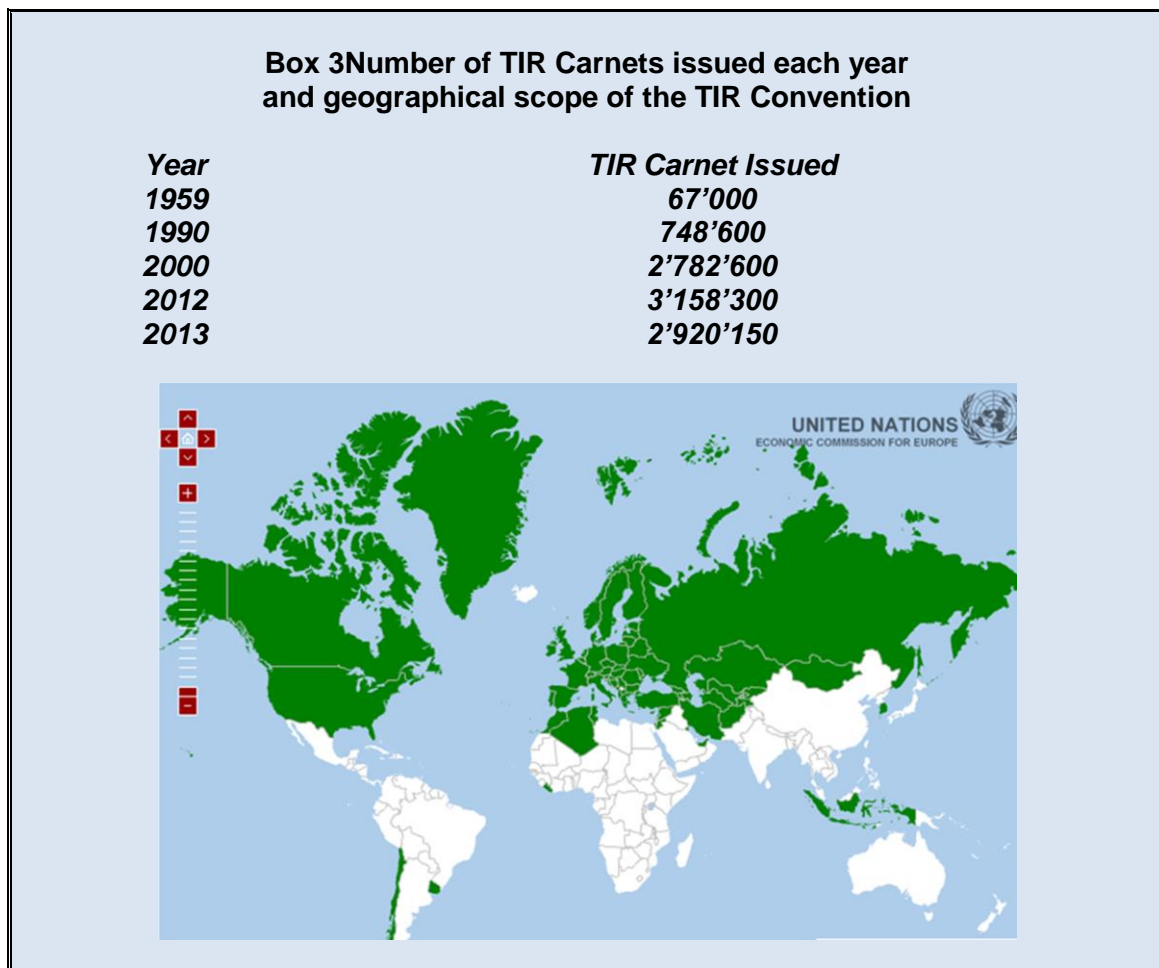
*Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.*

### 3. Other international agreements

#### (1) TIR Convention

The TIR Convention (Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1975)) is a multilateral treaty which was concluded in Geneva on 14 November 1975, with the aim of simplifying and harmonizing the administrative formalities of international road transport. The Convention was adopted under the auspices of the United Nations Economic Commission for Europe (UNECE). A feature of the TIR Convention is that the international transit operation is covered by a single transit document, the TIR Carnet. Furthermore, the TIR Convention establishes an international guarantee chain among Contracting Parties, which allows simple access to the required guarantee.

As of October 2014, it has 68 Contracting Parties, including the European Union. It covers the whole of Europe and reaches out to North Africa and the Near and Middle East. More than 35,000 operators are authorized to use the TIR system and around 3 million TIR transports are carried out per year.



#### **Box 4 TIR system – a partial computerization**

The extremely rapid ICT developments have led to simple and cost effective data transmission possibilities on a world-wide level with increasingly secure authentication procedures. These technologies have and increasingly will affect profoundly the way and means how international transport and trade operations as well as Customs procedures are carried out.

EDI technologies are today used by all major freight forwarding companies and by many transport companies engaged in international transport. Also Customs authorities increasingly use these technologies to enhance efficiency of internal administrative and control mechanisms and to improve service quality at border crossing points.

Today, customs IT systems of most of the Contracting Parties to the TIR Convention, 1975 have a module allowing the national management of TIR operations (e.g. NCTS-TIR, ASYCUDA-TIR). Furthermore, among other reasons to deal with safety and security issues, various Contracting Parties, including all EU countries, have introduced an obligation for transport companies to submit in advance and electronically the data contained in the goods manifest and additional data elements. For that purpose they have also developed specific IT applications.

The International Road Transport Union (IRU) and its member-associations have also developed a number of applications to computerize various business processes in the TIR system, some in close cooperation with Custom administrations, in particular:

- SafeTIR and Real-Time SafeTIR (RTS) to which Customs report data on the termination of TIR operations (at destination), in accordance with Annex 10 of the Convention;
- TIR-Electronic Pre-Declaration (TIR-EPD). This application enables the submission of advanced cargo information to Customs.

The TIR Executive Board (TIRExB) is also responsible for a number of ICT applications that contribute to the computerization of the TIR Procedure, such as the ITDBonline+, which allows Customs administration and national associations to manage and consult a secure database containing all natural and legal persons to utilize TIR Carnets, and the Electronic Register of Customs Sealing Devices and Customs Stamps. Furthermore, TIRExB has two ongoing projects to develop (a) an electronic register of customs offices approved for TIR operations and (b) an electronic register of approval certificates for vehicles to be used for TIR transports.

## **(2) Istanbul Convention and ATA Convention**

The ATA Carnet system, which is based on the WCO's ATA Convention and Istanbul Convention, also contributes to transit procedures. The ATA Carnet replaces national Customs formalities for temporary admission and transit, thus saving on the costs involved in clearing goods at each border. The ATA Carnet covers the transport of goods in Customs transit while en route to, or returning from, a country of temporary importation and, where applicable, within that country.

### (3) International Convention on the Harmonization of Frontier Controls of Goods, 1982

Numerous studies and surveys show that logistics expenses borne by traders include not only transport fees but also procedural, documentary; en route and other expenses. The Harmonization Convention is aimed at creating a level playing field for the trade operators by harmonizing control and regulatory requirements at border crossings and through eliminating unnecessary barriers to trade, for example, in the form of lengthy and/or duplicative customs and border regulatory procedures, redundant documentation and other requirements, while at the same recognizing legitimate interests of state border agencies to ensure security, financial and fiscal interests of the state.

Besides basic provisions and principles on aligning and improving border crossings' procedures and infrastructure, the Convention contains two annexes specifically devoted to road transport and to international rail freight which provide concrete facilitation recommendations to governments that are consistent with the WTO Trade Facilitation Agreement. The Convention has currently 55 contracting parties, primarily from Europe, but also from Africa, Asia and Middle East.

## 4. Regional agreements/arrangements

The operational arrangements for transit regimes need to be developed at the regional or bilateral level, taking into account the routes followed by goods in transit. Therefore, in addition to the general principles defined by multilateral agreements such as the TFA and the RKC, regional/bilateral coordination and cooperation arrangements are essential for effective transit systems.

In this regard, paragraph 16 of Article 11 of the TFA requests WTO Members to cooperate and coordinate with one another. Cooperation may include an understanding on charges, formalities and legal requirements, and the practical operation of transit regimes. Such arrangements provide for the harmonization of Customs transit procedures, the exchange of information and common IT transit systems.

There are a number of regional or bilateral agreements and arrangements covering international transit procedures. By way of example, most of the regional intergovernmental cooperation efforts in Africa, such as the Economic Community of West African States (ECOWAS), the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), have developed international transit arrangements. The Central Asia Regional Economic Cooperation (CAREC) Program is developing six different transport corridors. In 1987 the European Community and EFTA countries signed the Conventions on common transit procedure and the Convention on simplifications in trade in goods (SAD) what provided the legal basis for application of international common transit procedure in the region. The Conventions are open for other countries (in particular neighbouring countries), if fulfil the defined criteria. (e.g. in 2012 Croatia and Turkey joined both Conventions and in 2015 Serbia and the Former Yugoslav Republic of Macedonia are planning to accede). Bilateral agreements or arrangements covering transit issues have proliferated recently, and are attracting increasing political and public attention.

The World Bank has listed major regional legal instruments of relevance to trade and transport facilitation<sup>1</sup>. Based on the list developed by the World Bank, major regional frameworks of transit are as follows.

---

<sup>1</sup> Trade and Transport Corridor Management Toolkit, World Bank (Charles Kunaka and Robin Carruthers, 2014)

### ***East Asia and Pacific***

- ASEAN Trade in Goods Agreement
- ASEAN Comprehensive Investment Agreement
- ASEAN Framework Agreement on the Facilitation of Goods in Transit
- Greater Mekong Subregion Cross-Border Transport Agreement (2005)
- Ministerial Understanding on ASEAN Cooperation in Transportation
- Agreement on the Recognition of Commercial Vehicle Inspection Certificates for Goods Vehicles and Public Service Vehicles
- Ministerial Understanding on the Development of the ASEAN Highway Network Project
- ASEAN Preferential Trading Arrangements (1977)
- Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (1992)
- ASEAN Agreement on Customs (1997)
- ASEAN Framework Agreement on Mutual Recognition Arrangements (1998)
- e-ASEAN Framework Agreement (2000)
- Protocol Governing the Implementation of the ASEAN Harmonized Tariff Nomenclature (2003)
- ASEAN Framework Agreement for the Integration of Priority Sectors (2004)
- Agreement to Establish and Implement the ASEAN Single Window (2005)

### ***Europe and Central Asia***

- The Convention on a common transit procedure of 1987,
- The Convention on simplifications in trade in goods (SAD) , 1989
- European Agreement on Main International Traffic Arteries (AGR) (1975)
- European Agreement on Main International Railway Lines (AGC) (1985)
- European Agreement on Important International Combined Transport Lines and Related Installations (AGTC)
- Basic Multilateral Agreement on International Transport for Development of the Europe–the Caucasus–Asia Corridor

### ***Latin America and the Caribbean***

- Cartagena Agreement (1969)
- Central American Economic Integration Secretariat (SIECA)
- Central America-4 Border Control Agreement
- Pacific Corridor of the Mesoamerican Integration and Development Project
- Southern Common Market (MERCOSUR) (1995)
- International Surface Transport Agreement Between Argentina, Bolivia, Brazil, Chile, Paraguay, Peru and Uruguay (ATIT) (1990)
- 

### ***Middle East and North Africa***

- Greater Arab Free Trade Agreement (GAFTA)
- Gulf Cooperation Council (GCC)
- Convention of Cooperation in Transit and Road Transport between State Members of the Community of Sahel-Saharan States (CEN-SAD)
- Cooperation Agreement in Maritime Transport between Members of the Community of Sahel-Saharan States

### ***South Asia***

- SAARC (South Asian Association for Regional Cooperation) Preferential Trading Agreement (SAPTA) (1993)

- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
- South Asia Free Trade Area (SAFTA) (2004)
- India-Bangladesh Trade Agreement
- Agreements between India and Nepal
- Bhutan-India Trade Agreement

***Sub-Saharan Africa***

- Inter-State Convention on Road Transport of General Cargo
- The Economic and Monetary Community of Central Africa (CEMAC) Framework for Multimodal Transport Operations
- Inter-State Regulation on Licensing of Road Carriers
- Central Corridor Transit Transport Facilitation Agency Agreement
- Regional Tripartite Program between COMESA, EAC and SADC
- Recommendation No. 02/2002/CM/UEMOA on the Simplification and Harmonization of the Administrative Procedures and Port Transit within the West African Economic and Monetary Union (UEMOA)

## **III. Challenges for transit**

### **1. Benefits of effective transit operations**

There is much factual evidence showing that increased trade contributes to the economic growth and sustainable development of countries. Efforts to lower trade barriers may contribute to the economic growth of countries. A Customs transit operation potentially includes many trade barriers, because it usually involves a large number of stakeholders such as various government agencies, transporters and banks or financial institutions. A poor transit system may hamper international trade significantly, and thus hinder the economic development of a country.

It should also be noted that an effective transit system may promote regional economic integration through the increased intra-regional trade between neighbouring, as well as non-neighbouring, countries. Regional integration is a key strategy which enables countries to expand their markets, widen the region's economic space and secure the benefits of economies of scale for production and trade. It also increases competition in global trade and improves access to foreign technology and investment.

The WCO research paper on transit facilitation for regional economic integration and competitiveness describes 5 paths of transit facilitation for economic integration, as follows<sup>2</sup>.

- (1) Transit facilitation enhances regional competitiveness through the economic development of individual countries in the region;
- (2) Transit facilitation increases intra-regional trade;
- (3) Transit facilitation enhances a regional production network, leading to further economic integration;
- (4) Transit facilitation encourages the adoption of an international legal framework;
- (5) Transit facilitation may be a stepping-stone to the harmonization of other trade facilitation measures.

In addition, due attention should be paid to the fact effective transit operations may also contribute to collection of revenue. There is a risk that the transit goods will not be presented to Customs leading to a loss of revenue and distortion of trade. In particular, diversion and subsequent domestic consumption of transit goods may occur under disproportionate transit control. In this regards, effective transit operations with risk management and other security measures may ensure fair revenue collection at Customs offices.

### **2. Landlocked Developing Countries (LLDCs)**

Given their small and fragmented domestic markets, regional integration is high on the agenda for Landlocked Developing Countries (LLDCs). LLDCs are developing countries which do not have territorial access to the sea. There are 31 LLDCs (see Table 1). Because of their lack of access to the sea, LLDCs must rely on transit through other countries; the additional border crossings and long distances from the market substantially increase their total transport expenses.

The lack of capability for the quick delivery of goods has significantly weakened the economic competitiveness of LLDCs. Ineffective transit operations reduce opportunities to

---

<sup>2</sup> WCO Research Paper No. 28, Transit Facilitation for Regional Economic Integration and Competitiveness (Tadashi Yasui, 2013)

enter markets for goods which are sensitive to delay, such as perishable products or goods produced in global supply chains. Indeed, 16 of the 31 LLDCs are categorized as least-developed countries. According to a study by the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), the costs for exporting and importing from/to LLDCs are on average more than twice the costs for exporting and importing from/to transit developing countries<sup>3</sup>. These high costs have a significant negatively effect on their economic development. The UN-OHRLLS study also indicates that the level of development of the average LLDC is 20% lower than that of the average coastal country. Box 3 below sets out a comprehensive list of the trade-reducing effects for LLDCs.

Table 1: List of LLDCs (arranged by WCO region)

Region	No.	LLDCs
Europe	9	Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, The Former Yugoslav Republic of Macedonia, Turkmenistan, Uzbekistan
Asia/Pacific	5	Afghanistan*, Bhutan*, Lao People's Democratic Republic*, Mongolia, Nepal*
East and Southern Africa	10	Botswana, Burundi*, Ethiopia, Lesotho*, Malawi*, Rwanda*, Swaziland, Uganda*, Zambia*, Zimbabwe
North of Africa, Near and Middle East	0	
West and Central Africa	5	Burkina Faso*, Central African Republic*, Chad*, Mali*, Niger*
South America, North America, Central America and the Caribbean	2	Bolivia, Paraguay

\* Least Developed Country

<sup>3</sup> The Development Economics of Landlockedness: Understanding the development costs of being landlocked (UN-OHRLLS), 2014

## Box 5. Trade-reducing effects for LLDCs

### Economic Growth

- The annual GDP growth rate of the LLDCs is estimated to have decreased from 6.7% to 5.9% between 2010 and 2011. The highest GDP growth rate was recorded by Mongolia (17.3%) and Turkmenistan (14.7%) in 2011. The lowest GDP growth was recorded by Azerbaijan (1%) and Swaziland (1.3%). GDP is estimated to have further decelerated to 4.9% in 2012.
- The average GDP per capita for LLDCs in 2011 was 1,414 in constant 2005 US\$. The lowest GDP per capita was recorded by Burundi (US\$ 186) and Ethiopia (US\$ 270). The highest was recorded by Botswana (US\$ 6,168) and Turkmenistan (US\$ 5,186). GDP per capita is below \$1,000 in 19 LLDCs.
- Total value addition from agriculture for LLDCs declined from 23% in 2001 to 18% in 2011.
- The manufacturing value added – a basic indicator of the level of industrialization – has declined for LLDCs from a peak of 18% in 1992 to 11.5% in 2011.
- The value added share of the services sector in LLDCs' GDP increased from 36% in 1992 to 43% in 2011.

### Aid

- The net Official Development Assistance (ODA) to the LLDCs was US\$ 25.7 million in 2011 – a 3.3% decrease from 2010.
- ODA exceeded 10% of GNI in seven LLDCs in 2011, compared to eleven in 2010.
- Aid for Trade to LLDCs reached US\$ 6.4 billion in 2011, a 70% real increase since 2005.
- Aid disbursed for transport, storage and communications as a percentage of total Aid for Trade for the LLDCs increased slightly from 33.2% to 33.5% between 2010 and 2011.

### Foreign Direct Investment

- Foreign direct investment (FDI) inflows to LLDCs reached US\$ 34.6 billion in 2012, up from just US\$ 8.9 billion in 2003.
- The top recipients of FDI in 2012 were Kazakhstan (US\$ 14 billion) and Mongolia (US\$ 4.5 billion). The lowest recipients were Burundi (US\$ 0.6 million) and Bhutan (US\$ 16 million).

### Debt relief

- The total debt relief to 14 eligible LLDCs under the MDRI and HIPC initiatives amounted to US\$ 19.4 and US\$ 20.9 respectively as of end-2012.
- The total external debt of LLDCs as a percentage of their combined GNI was 39.9% in 2011.

### Trade

- In 2011, total exports and imports for LLDCs were US\$ 223.9 million and US\$ 184.9 million respectively. In 2011, LLDCs' exports accounted for 1.2% of world exports and their total share in global trade was 1.17%, showing continued marginalization of the group of LLDCs in the world economy.
- Because of heavy reliance on primary commodities, the export concentration ratios for LLDCs have dramatically increased from 0.17 in 2000 to 0.38 in 2011, while for other developing countries they have remained relatively stable below 0.15, since 2000.
- In 2012, the average cost to export and import for LLDCs were US\$ 3,040 and US\$ 3,643 per container respectively.

Source : UN-OHRSS Landlocked Developing Countries Factsheet 2013

### 3. Almaty Programme of Action

In August 2003, the United Nations held an International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Co-operation, in Almaty, Kazakhstan. The Conference adopted the Almaty Programme of Action and the Almaty Declaration, which reflect the strong commitment of the international community to addressing the special needs and problems of LLDCs.

The Almaty Declaration notes the important role that the simplification, streamlining and standardization of transit procedures and documentation, and the application of information technologies, have played in enhancing the efficiency of transit systems. It also calls upon the WCO and other relevant organizations to continue to assist landlocked and developing transit countries in this area. The full text of the Almaty Programme of Action and the Almaty Declaration are available at <http://unohrlls.org/about-lllcs/programme-of-action/>.

#### **Box 6. Five priorities identified in the Almaty Programme of Action**

- Policy improvements – reduction of Customs bureaucracy and fees, designed to cut costs and travel days for landlocked countries' exports.
- Improved rail, road, air and pipeline infra-structure – projects will reflect local transport modes: in Africa, road is the predominant mode of transport; in South Asia, rail is more common.
- International trade measures – to give preferential treatment to landlocked countries' goods, making them more competitive.
- Technical and financial international assistance – donor countries will lend know-how and money to landlocked and transit countries for infrastructure and policy improvements.
- Monitoring and follow-up on agreements – measurable criteria, such as travel days and costs, will be used, and an annual review before the General Assembly is possible.

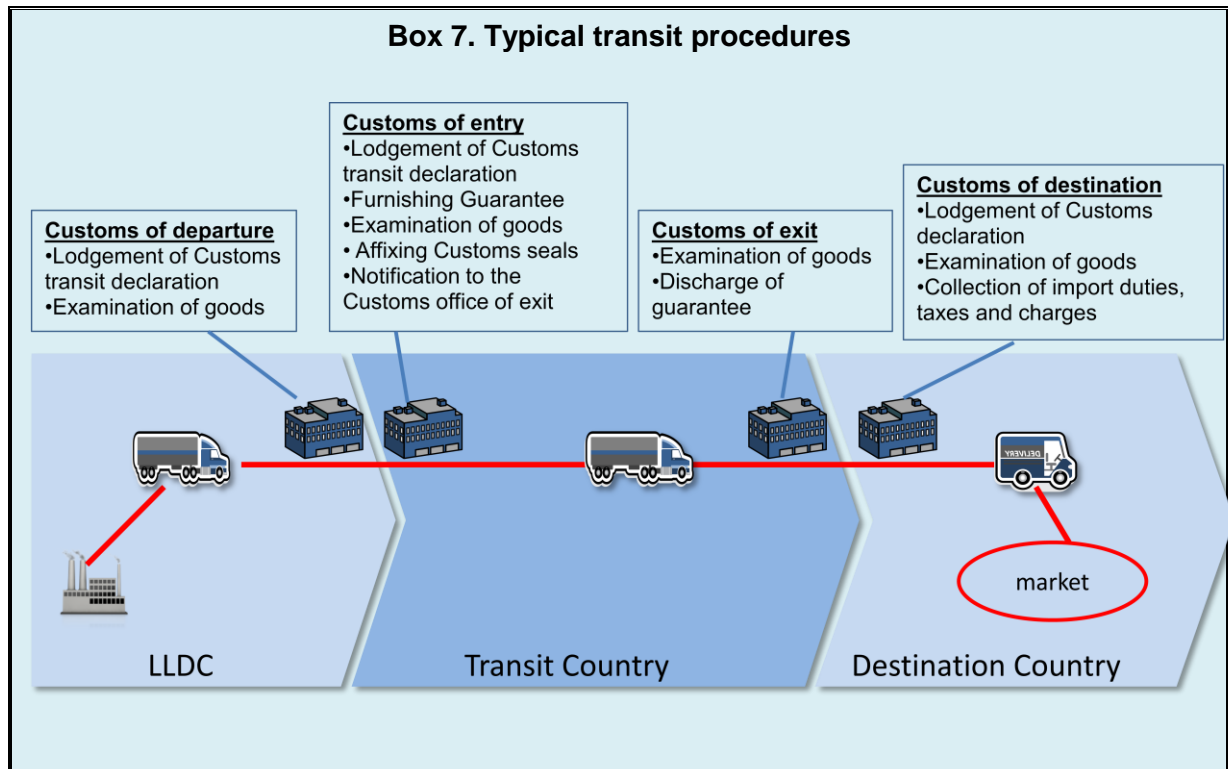
*Source: UN-OHRLLS web page (<http://unohrlls.org/about-lllcs/programme-of-action/>)*

### 4. Complexity of transit procedures

By its very nature, a transit operation incorporates a number of participants. Not only Customs administrations, but also other government agencies and private sector operators such as flight forwarders and transporters are inevitably involved in a transit operation. While a Customs administration is an essential part of a transit operation, cooperation and coordination with other government agencies (including transport and immigration authorities) and with the private sector is necessary for the operation of an effective and efficient transit system.

In order to transport goods from LLDCs to destination countries, the goods need to go through various procedures and satisfy a number of requirements. Figure 1 shows typical transit procedures and actions to be carried out, and requirements to be satisfied, at Customs offices. In principle at least four different Customs offices, namely the Customs

office of departure (located in the LLDC), a Customs office of entry into the transit country, a Customs office of exit from the transit country, and a Customs office in the destination country, are involved in a transit operation from an LLDC.



In addition to the requirements stipulated, international transit operations may include (1) time limit within which the goods must be produced at the office of destination, (2) designation of routes for transportation within the transit country, and (3) permission to change the office of destination during the transit operation.

In theory, the various Customs offices on a transit route may ask transit operators to lodge goods declarations and/or submit the relevant transportation documents, and may inspect the documentation or conduct physical examinations, as well as requesting guarantees (or imposing duties, taxes and charges). By its nature an international transit operation tends to be very complicated and, because of its complexity, vulnerable to bureaucratic inefficiency.

Box 5 shows clearly that there are many potential duplications within a single international transit operation. An operator involved in a transit operation must lodge Customs declarations or submit transport documents to different Customs offices, for the same goods. There is a risk that Customs administrations may conduct physical inspections several times during the transit operation. However, this does mean that there is plenty of scope for improving transit procedures by harmonizing and coordinating the various procedures involved in a transit operation.

## **5. Approaches for an effective transit system**

The operation of transit procedures varies from country to country, and there are a number of good examples of effective and functional transit systems around the world. This Transit Handbook broadly classifies the possible approaches and facilitative measures as follows.

### **(1) Effective information sharing**

Information sharing among Customs offices is essential for effective transit systems. If the Customs office where the transit declaration is lodged shares information about the transit goods with the other Customs offices on the transit route, the lodgement of another declaration and the resubmission of transport documents can be omitted. Information sharing also enhances risk management at borders and facilitates the smooth movement of low-risk transit goods.

### **(2) Guarantee system**

A guarantee system ensures that the Customs duties and taxes which are at risk during a transit operation are covered at all times until the goods are presented to Customs at the office of destination. While the guarantee is an essential part of a transit operation, the process tends to be complicated because of the involvement of other stakeholders such as banks, insurance companies and private associations. A well-functioning guarantee system speeds up transit operations and allays the revenue concerns of transit countries.

### **(3) Simplification of Customs formalities**

Customs transit systems traditionally placed onerous requirements on the transit operators as well as on Customs administrations in terms of producing documentation, and the goods, at every step in the transit operation. Modern Customs administrations have introduced simplified Customs formalities, and now accept electronic copies of transport documents. The simplification of document requirements significantly reduces the transit operator's burden.

### **(4) Risk Management**

The application of risk management in a transit scenario will result in high-risk goods being subjected to the appropriate level of control, while low-risk goods may be exempted from some of the requirements. The application of risk management can also result in the introduction of Authorized Economic Operator (AEO) programmes, which may provide operators who maintain high compliance and security management with facilitative benefits for transit operations. In addition, pre-arrival information which enables Customs administrations to assess the risk level of goods prior to their arrival may strengthen Customs' risk management and contribute to the smooth clearance of low-risk transit cargoes.

### **(5) Customs seals and other security measures**

To ensure the security of goods during transit operations, Customs administrations usually affix Customs seals and fastenings to the goods and/or the transport unit. Customs may allow flexible and facilitative measures, such as acceptance of special seals affixed by transit operators. Many Members have recently introduced electronic seals/tracking devices which allow the status and/or location of transit goods to be monitored.

### **(6) Border infrastructure**

Border infrastructure is an important element for the reduction of border congestion. At land border facilities with a "first-in, first-out" arrangement, trucks have to wait in a queue at the border. It is reasonable to consider specific infrastructure, such as separate transit lanes, at border points where large volumes of transit goods are encountered.

### **(7) Coordinated Border Management**

Transit operations inevitably involve various regulatory requirements imposed by government agencies other than Customs. Without cooperation and coordination between the relevant government agencies, transit goods are stacked up at the border. One of the best practices where the coordinated management of transit is concerned, is the establishment of a one-stop border post.

### **(8) Performance measurement**

Performance measurement is useful for demonstrating the effectiveness of transit operations and identifying bottlenecks preventing the smooth movement of transit cargos. There are several international tools and reports for assessing the performance of transit operations, and these may give valuable clues as to how to improve the transit system. In particular, the WCO Time Release Study Guide may assist Members to identify key problems in their transit systems.

## **IV. Effective information sharing**

### **1. Benefits of information exchange**

Information sharing among Customs offices in a transit operation is essential for effective transit procedures. If the Customs office where the transit declaration is lodged shares information about the transit goods with the other Customs offices involved, the lodgement of another declaration and the resubmission of transport documents can be omitted.

Effective information sharing is helpful to Customs administrations because it enables them to assess the risk represented by transit goods prior to their arrival, and makes it easy to match the contents of transit cargoes with the declaration information. It may reduce the administrative burden imposed by risk management and allow Customs to devote its resources to more high-risk goods. Of course, information sharing is beneficial not only for Customs administrations but also for the transit operators, who need to lodge a Customs declaration and submit transport documents to Customs. Effective information sharing reduces the cost, for transit operators, of meeting the documentary requirements of regulatory agencies, as well as preventing unnecessary physical examinations at borders. It may contribute to the predictable and smooth transportation of transit goods crossing borders.

The exchange of data about transit operations between neighbouring countries should be based on a rigorous and realistic legal framework. The legal framework needs to cover data protection, limitations on the use of the data and electronic data exchange; the aim is to monitor the transit movement and, in particular, ascertain whether the goods have been correctly declared for transit and whether the transit procedure has been completed correctly, by means of a declaration for release at the final destination. Considering the potential volume of data to be exchanged, WCO Members may wish to consider the advantages of the automatic exchange of information, for which a clear legal basis is also required.

### **2. Bilateral Agreement or MOU**

A Bilateral Agreement on Mutual Administrative Assistance in Customs matters (CMAA) is one of the frequently used legal formats for the exchange of information. For the drafting of legal provisions on administrative assistance and cooperation in Customs matters, reference can be made to the WCO Model Bilateral Agreement on CMAA.

The model is downloadable at <http://www.wcoomd.org/en/topics/enforcement-and-compliance/instruments-and-tools/~media/DFAAF3B7943E4A53B12475C7CE54D8BD.ashx>.

In addition to the WCO Model Bilateral Agreement on CMAA, a 'GNC Legal Toolbox' has been developed. It contains a number of specific provisions that Members can incorporate in existing instruments, or use when setting up new instruments on administrative assistance and cooperation in Customs matters. The GNC Legal Toolbox contains several important provisions. Within the parameters of their national legislation, Members are strongly encouraged to consider all of these provisions during their negotiations. They include a national enabling law on e-commerce, ideally extending to encompass Customs and other government agencies involved in the cross-border movement of goods.

The GNC Legal Toolbox is available on the following webpage<sup>4</sup>:

[http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/~/\\_media/WCO/Member/Global/PDF/Topics/Facilitation/Activities%20and%20Programmes/GNC/Report%20and%20Annexes/FG\\_AnnexL\\_E.ashx](http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/~/_media/WCO/Member/Global/PDF/Topics/Facilitation/Activities%20and%20Programmes/GNC/Report%20and%20Annexes/FG_AnnexL_E.ashx).

### **3. WCO tools for effective information exchange**

#### **(1) WCO Data Model**

The use of international standards such as the WCO Data Model ensures compatibility between government agencies' reporting requirements and enables information to be shared and exchanged among relevant government agencies, including Customs, resulting in greater facilitation for Trade.

As governments begin the development of a standardized, multi-agency data set, there might be a concern about the number of data elements. To keep the number of data requirements as small as possible, the intent is to include in the standardized data set only such information as the agencies are currently collecting, resulting in a "need-to-have" list of information requirements. Another benefit is the stability provided by a standardized set of data requirements. The outcome of the data harmonization must be a maximum set of data requirements for the export, transport and import of goods when crossing borders. Annex VI shows business process models applicable for transit.

#### **(2) Globally Networked Customs (GNC)**

The WCO has developed the GNC Feasibility Study, which recognizes that through GNC there could be a systematic approach to the exchange of information between Members, based on protocols, standards and guidelines. Under the GNC concept, WCO Members are developing Utility Blocks (UBs) which represent a specific part of the Customs business process, explained in simple yet comprehensive terms that everyone can understand. The UBs describe strategic aims for policy-makers, business processes for managers, legal issues for lawyers, functional approaches for operational officers, and technical specifications for IT staff.

WCO Members may choose suitable UBs according to their own interests. In order to reap the benefits of GNC, each block must be implemented in the same way by all partners. However there is flexibility within in each block – for example, in the list of data elements to be exchanged.

Several WCO Members have already drafted UBs. For example, South Africa and Zambia have proposed a UB for bilateral and multilateral data exchange for export and transit. The context for this UB is based on current developments within the SACU, SADC and COMESA Customs areas. Switzerland and the European Union are developing a UB that aims to allow countries, at transshipment/transit and/or import/entry, to access advance information in order to undertake their risk analysis and take the necessary organizational measures accordingly. These UBs contain valuable information for the establishment of information exchange systems with a view to effective transit operations.

---

<sup>4</sup> The GNC Legal Toolbox forms part of the Final Report on the work of the WCO Ad Hoc Working Group on GNC. It is available on the WCO Members' webpage only.

## 4. Robust IT infrastructure

Where there are frequent Internet blackouts or weak connections, effective and efficient information sharing is greatly hindered. In addition, a server capable of hosting the information exchange and/or data exchange interface is likely to be indispensable. Therefore a robust IT infrastructure is clearly essential for efficient information exchange, and Customs administrations need to work hard to acquire such an infrastructure.

## 5. Members' Practices

### New Computerized Transit System - European Union

The European Union is regarded as having a successful transit regime. The EU operates a common and community transit system. The common transit system is applied to goods moving between the EU Member States and the EFTA countries (according to Art. 3 of the Convention on a common transit procedure "EFTA country" means not only countries which are Contracting Parties of EFTA Agreement, but also other countries which have acceded to this Convention (e.g. Turkey) or are planning to accede (Serbia and the Former Yugoslav Republic of Macedonia very likely join in 2015)). The community transit basically applies to the movement of non-Community goods for which Customs duties and other charges are at stake. The EU has implemented a very comprehensive New Computerised Transit System (NCTS). The NCTS is a simplified management tool that has replaced the manual documents used in the old systems with electronic messages between the trader and Customs and between Customs offices. This has resulted in an improved quality of service for the trader and a more efficient system for Customs.

#### **What are the advantages of the NCTS for trade?**

The system offers traders many advantages, including:

- Improved quality of service:
  - Less time spent waiting at customs, because the declaration will have been sent electronically beforehand;
  - Greater flexibility in presenting declarations.
- Earlier discharge of the transit procedure because an electronic message is used instead of the return of the paper copy No 5 by mail, leading to a faster release of the guarantee.
- The high costs, incurred in relation with the paper-based system of declaring goods (lengthy procedures involving much time and effort), are reduced.
- A greater clarity of the transit operation, for the benefit of trade.
- Because customs will have decided well in advance of the arrival of the goods at the office of destination whether or not they want to check the consignment, the trader will not lose valuable time at the office of destination waiting for a decision.

Apart from these general advantages for trade, there is an additional advantage for authorised consignors who communicates with customs using only NCTS. It accelerates the whole procedure..

#### **What are the advantages of the NCTS for customs?**

- The communication and coordination between the customs administrations involved will improve.
- Repetitive activities will only have to be performed once; this saves time and eliminates the risks involved in the duplication of information.

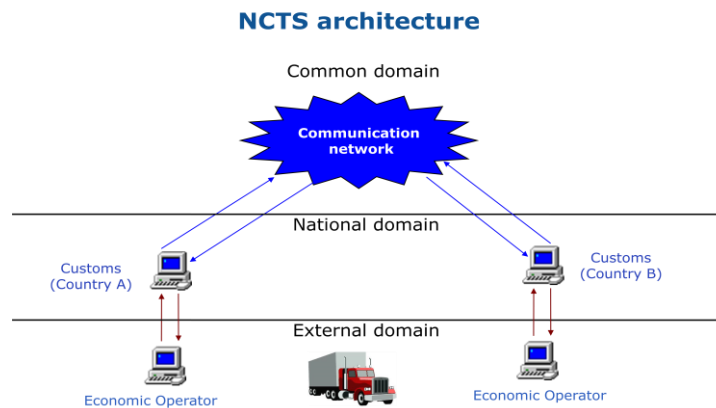
## New Computerized Transit System - European Union

- Creation of a more coherent system, which will speed up the processing of data and at the same time making the system more flexible.
- Harmonisation of operating criteria, which will do away with the plethora of subprocedures and divergent interpretations of how the rules have to be implemented.
- Availability of a system run directly by customs, which offers greater security and a higher tempo in managing transit, provides more reliable data and better monitoring of movements.

It is clear that the trader indirectly benefits from the advantages of the NCTS for customs, and vice versa.

### Which traders can use the NCTS?

- In principle all traders can use the NCTS. It is only necessary to use the electronic data interchange (EDI) procedures which have been established for the communication with customs in order to be connected to the NCTS.



### What are the customs' obligations?

Customs will have to:

- install computer infrastructure, or adjust their existing facilities, to meet the specific needs of the NCTS, including compatibility with the Common Communication Network (CCN/CSI);
- set up an organisation to keep the computer applications running (Helpdesk);
- formulate and develop measures to ensure that the NCTS is integrated into the existing procedural and organisational set-up;
- devise and introduce suitable training for customs staff and traders.

### Operation

Main items or messages used in a NCTS operation

Before going into the details it is useful to mention the main items and messages in a NCTS operation.

- The transit declaration, which is presented in electronic form.
- The movement reference number (MRN), which is a unique registration number, given by the system to the declaration to identify the movement.
- The transit accompanying document, which accompanies the goods from departure to destination.
- The 'anticipated arrival record' message, which is sent by the office of departure to the

## New Computerized Transit System - European Union

declared office of destination mentioned in the declaration.

- The 'anticipated transit record' message, which is sent by the office of departure to the declared office(s) of transit\* to notify the anticipated border passage of a consignment.
- The 'notification of crossing frontier' message, which is sent by the actual office of transit used after having checked the consignment.
- The 'arrival advice' message, which is sent by the actual office of destination to the office of departure when the goods arrive.
- The 'control results' message, which is sent by the actual office of destination to the office of departure after the goods have been checked.

Furthermore it is important to understand that the system covers all the possible combinations of normal and simplified procedures, at departure as well as at destination.

*\* An office of transit is a customs office situated at one of the external land borders of the EU or one of the other participating countries of the Common Transit Convention.*

### Office of departure

The transit declaration is presented at the office of departure in a computerised form. Electronic declarations can be made from terminals made available to traders at the customs office of departure or from a trader's own premises.

Whatever the form of the presentation, the declaration must contain all the data required and comply with the system specifications, since the system codifies and validates the data automatically. If there is an inconsistency in the data the system will indicate this. The trader will be informed, so that he can make the necessary corrections before the declaration is finally accepted.

Once the corrections have been entered and the declaration is accepted, the system will provide the declaration with a unique registration number, the movement reference number.

Then, once any inspections have been carried out, either at the office of departure itself or at the authorised consignor's premises, and the guarantees are accepted, the goods will be released for transit. The system will print the transit accompanying document and, where appropriate, the list of items, either at the office of departure or at the authorised consignor's premises. The accompanying document and the list of items must travel with the goods and be presented at any office of transit and at the office of destination.

When printing the transit accompanying document and the list of items, the office of departure will simultaneously send an anticipated arrival record to the declared office of destination. This message will mainly contain the information taken from the declaration, enabling the office of destination to control the consignment when it arrives. The office of destination needs to have access to the best possible information about the transit operation to take a correct and reliable decision about what actions to take when the goods arrive.

Should the movement have to pass an office of transit, the office of departure will also send an anticipated transit record, so that any office of transit has prior notification of the consignment concerned and can check the passage of the movement.

### Office of destination

## New Computerized Transit System - European Union

Upon arrival, the goods must be presented at the office of destination (either indirectly via the authorised consignee or directly) together with the transit accompanying document and the list of items, if appropriate. Customs, having already received the anticipated arrival record will have full details about the operation and therefore will have had the possibility to decide beforehand what controls are necessary. When they enter the movement reference number into the system, it will automatically locate the corresponding anticipated arrival record, which will be used as a basis for any action or control, and send an arrival advice message to the office of departure.

After the relevant controls have been carried out, the office of destination will notify the office of departure of the control results by using a control results message, stating which, if any, irregularities have been detected.

The control results message with positive code is necessary to discharge the transit operation and free the guarantees that were used for it.

### Office of transit

When the goods pass by an office of transit, the goods, the transit accompanying document and, where appropriate, the list of items have to be presented to customs. The anticipated transit record, already available in the system, will automatically be located when the movement reference number is entered and subsequently the movement may be approved for passage. A notification of crossing the frontier is sent to the office of departure.

*Source: RKC Guidelines on RKC Specific Annex E – Chapter 1*

## International Goods in Transit (TIM) – Mesoamerica

In 2008, Mesoamerica, involving 9 countries in Mesoamerica (Mexico, Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and Dominican Republic), designed an innovative project called International Goods in Transit (or TIM, its Spanish acronym) aiming to improve the speed and efficiency of border clearance for transit goods.

The TIM is an electronic system for managing and controlling the movement of goods in transit, harmonizing previously cumbersome procedures into a single electronic document. The project is based on three main pillars:

- **Process reengineering:** TIM harmonizes multiple paper-based declarations into a unique and comprehensive electronic document that gathers all data needed by Customs, immigration, and phytosanitary agencies;
- **Information technology:** TIM connects the intranet systems of all agencies in all countries participating in the project, and includes state-of-the-art risk analysis and cargo control systems plus a modern server that hosts all data and produces a dashboard of statistics to measure performance at every border crossing;
- **Cooperation:** TIM improves cooperation within the country and between the different agencies operating at border crossings in the Mesoamerican region. TIM was initiated through a two million US dollar project, allowing the IDB to design and implement the system at the El Amatillo border crossing between Honduras and El Salvador. Since then, further resources (950,000 dollars) have been provided, allowing the project to be implemented at all major border crossings from Mexico to Panama.

### **TIM in action**

First, the carrier logs in to the TIM website and completes the Single Transit Declaration (STD). The information found on the STD, hosted on a secure server, is forwarded to the three relevant authorities of the country of origin, namely Customs, immigration and health/agriculture. Once the STD has been approved by the country of origin, the carrier receives a copy of the STD with a barcode that serves as authorization to start the transit. The program also sends out a copy to all relevant authorities in the transit and final destination countries.

In addition to reduced waiting and border crossing times, TIM also delivers stronger risk analysis, better traceability and predictability, optimized revenue collection, increased private sector competitiveness by reducing the cost of doing business, and a reduced environmental footprint from transportation services.

### **Lessons learned**

The design and implementation of TIM has revealed some good practices, both for the implementing countries and for the executing agencies.

First, real and full political commitment from the highest authorities in every participating country contributes to a friendly environment based on mutual trust. Likewise, the executing agency must work closely with governments to ensure sustained interest and commitment.

Second, building trust was one of the main challenges faced during the execution of this project. TIM is based on the collaboration of three agencies in every participating country,

## International Goods in Transit (TIM) – Mesoamerica

that had no previous experience in collaborating with one another. A clear understanding of everybody's responsibilities and procedures is a good start to build trust.

Third, a strong technical team with specific knowledge of the region helps build solid relationships with top government officials and instills confidence from government and the executing agency alike.

Fourth, the rationalization of actors, given the number of countries and agencies involved in regional activities, ensures progress. In the case of TIM, multiple agencies with heterogeneous characteristics and mandates created competition and conflict that were resolved only by a clear outline of the legal and institutional character of the implementation mechanism. Rather than create a new regional legal framework for all countries and agencies for implementation, an executing mechanism was proposed that did not involve changes in national legislation. Despite lengthening and to some extent complicating the process, this approach reassured all agencies that participation in the project would not result in changes to the status quo through legislative amendments.

Fifth, establishment of a technical committee comprised of senior officials with decision-making powers from all participating agencies, notably Customs, immigration and health/agriculture, ensures coordination and harmonizes execution. Decisions should be taken unanimously to ensure ownership by all regional players and continued consensus on the direction of the project.

Last, information technology platforms must be flexible and open to modifications and upgrades. Power and speed are essential, but more important is the system's ability to accommodate changes to the rapidly changing logistics industry, such as radio frequency devices, the Global Positioning System and electronic locks. For example, TIM was able to accommodate the shift from classifying goods at the six-digit level to an eight-digit one, following its implementation, thereby optimizing traceability and revenue collection. IT experts should also be familiar with the specificities of a region and design customized programs. In the case of Mesoamerica, replicating the European Union transit system – transport service providers choose the route that best fits – was not an option given that goods in international transit must, by law, follow a predetermined route with specific checkpoints, so as to ensure security and traceability of goods moving through the Corridor.

### **Next steps**

The results of TIM have been outstanding so far and both the clients and the IDB are optimistic that the returns on investment for future stages of the project will also be fruitful. TIM will be expanded to other South American trade corridors, while an updated version is being developed to include multimodal transit operations with special emphasis on maritime transit operations. These projects are in the pipeline for 2013 and are expected to be completed by 2015.

*Source : Mesoamerica improves international transit controls on goods (WCO News, October 2012)*

## RADDEx – Uganda

Uganda, as a member of the East African Community (EAC), has shared export/re-export and transit information bilaterally with other EAC members through the Revenue Authorities Digital Data Exchange (RADDEx) system. Under the system, the Customs officers in Uganda may retrieve data from the system where necessary for targeting and profiling the goods prior to arrival, i.e., a “pull” system. They may reconcile the retrieved data with the corresponding electronic declarations lodged at the Customs offices. Registered clearing agents in Uganda are also able to access information in the system. The EAC members have been developing a single regional system called RADDEx 2.0 by harmonizing the existing bilateral information sharing systems (USITC, 2012).

It was reported that the RADDEx system covered 95% of the transit goods moving from the Mombasa seaport, Kenya to Kampala, Uganda in 2009. The average time required for release at a Ugandan border post was estimated at 3 hours in 2010, reduced from 3-4 days before the introduction of the system. The system enables Customs to follow outstanding export/re-export and transit transactions. Through the risk assessment and data reconciliation, many fraud cases were detected. With the RADDEx data, the clearing agents in Uganda have also saved time and cost to lodge the corresponding transit or goods declarations because they can use most data elements retrieved from the system for the declarations as they are.

*Source: WCO Research Paper No. 11, Case Studies on Systematic Exchange of Commercial Information between Customs Administrations in Bilateral and Regional Arrangements (Tadashi Yasui, 2011)*

## International Customs Transit Computerized System (SINTIA) – Argentina

### What is the SINTIA System?

The International Customs Transit Computerized System (SINTIA) is a computerized system, through which the Member States of MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) digitalize the International Cargo Manifest (ICM/CTD). The International Cargo Manifest is a document used in the international Customs transit, according to the Agreement on International Land Transport.

The SINTIA System was created by MERCOSUR and it was approved by [Resolution GMC \(Common Market Group\) 17/04](#) under the heading “RULES FOR THE DIGITALIZATION OF THE INTERNATIONAL CARGO MANIFEST/CUSTOMS TRANSIT DECLARATION AND FOR THE FOLLOW-UP OF THE OPERATIONS AMONG THE MEMBER STATES OF MERCOSUR”.

The purpose of the system is to digitalize all the procedures established in the Partial Agreement on International Land Transport for MERCOSUR – including Chile and Bolivia.

### How does it work?

The agents have to digitalize the information included on the ICM/CTD and the information of the Customs control conducted in the participating countries. In addition, the agents have to electronically transmit the information to all the participating countries so that they can see in which part of the procedure is the information.

## International Customs Transit Computerized System (SINTIA) – Argentina

### Benefits

- It improves the controls on the land and rail transit operations and on the Paraguay-Parana Waterway  
It provides uniformity in each one of the Customs systems  
It provides online information of the cargo declaration in the country of origin, including nature, value and origin
- When the transit begins, it informs if the export was conducted or not
- It informs if the goods arrived to destination and if they were correctly destined
- It permits to lower the operational costs and to speed the transactions
- There is a list of authorized forwarders that includes information about authorizations, lines and other situations
- The Member States can prepare control strategies according to the information gathered
- It avoids the duplication of information through a process of reutilization of information
- It permits the destination Customs to know which goods are in transit

### Current state

Since June 2009, the SINTIA System has been implemented between Argentina and Paraguay. Since then, both countries commenced to inform each other about the Validation of the International Customs Transit (OFTAI) and the Departure of the International Customs Transit (PATAI).

On April 2010, both countries commenced to inform each other about the Exit of the International Customs Transit (SATAI) and the Entrance of the International Customs Transit to the Member State of Destination (EDTAI).

On June 23, 2011, both countries commenced to inform each other about the End of the International Customs Transit (FITAI) and the Destinations after the International Customs Transit (DETAI).

Before the end of 2011, both countries will commence to exchange information with Uruguay. Brazil will have its system ready during 2012.

During 2009, Chile has digitalized the ICM/CTD, and it has started to exchange information about the transits.

During 2012, the Member States will work to implement the exchange of information with Bolivia.

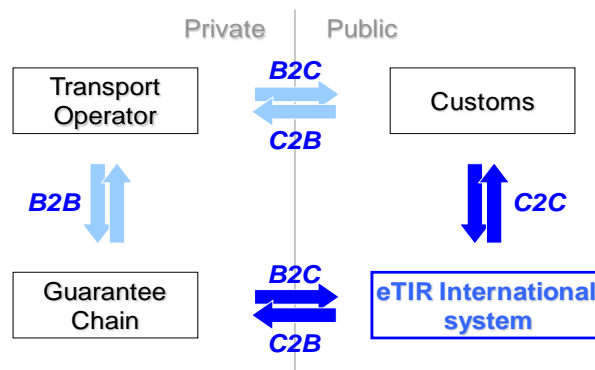
*Source : Argentina Customs (<http://www.afip.gob.ar/english/sintia.asp>)*

## Computerization of the TIR procedure – the eTIR project

The Contracting Parties to the TIR Convention launched in 2003 the so-called “eTIR Project”, aimed at providing an exchange platform for all actors (Customs authorities, holders,<sup>5</sup> guarantee chains) involved in the TIR system, known as the “eTIR international system”.

The eTIR international system aims at ensuring the secure exchange of data between national Customs systems related to the international transit of goods, vehicles or containers according to the provisions of the TIR Convention and to allow Customs to manage the data on guarantees, issued by guarantee chains, to holders authorized to use the TIR system. In addition to replacing the current international functions of the paper TIR Carnet (i.e. the proof of existence of an international guarantee and the exchange of information between Customs administrations), the eTIR international system will bring further benefits, such as the availability of advance cargo information enabling risk assessment prior to the arrival of the cargo and the exchange of Customs information in a secure environment that will prevent the false submission of Customs declarations.

### Information flow between the actors of the eTIR system<sup>6</sup>



The figure above graphically represents the information exchange between the actors in the eTIR system. It shows that the eTIR international system will receive information on the guarantees issued by the guarantee chain (B2C), provide the guarantee chain with information regarding the transports covered by guarantees it has issued (C2B) and allow the exchange of information between Customs authorities of different countries (C2C). All eTIR messages are based on the WCO Data Model v.3.4.

The establishment of the eTIR system will require parallel efforts from Contracting Parties and the guarantee chains to develop, update and interconnect national and private IT systems.

The eTIR system will offer benefits to all actors involved in the TIR system. First, it brings additional security and risk management opportunities, thus reducing the risk of fraud. Second, advanced international cooperation will allow all actors to significantly reduce their administrative burden and to maximize the benefits of integrated supply chain management. Finally, the provision of advance cargo information and the exchange of information in real time will speed up the TIR procedure.

<sup>5</sup> Holder: a legal or natural person authorized under the provisions of the TIR Convention to use the TIR system.

<sup>6</sup> Business to Business (B2B); Business to Customs (B2C); Customs to Business (C2B); Customs to Customs (C2C)

## V. Guarantee system

### 1. General principles of guarantees for transit

A guarantee system ensures that the Customs duties and taxes which are at risk during a transit operation are covered at all times until the goods are presented to the Customs office of destination. At the same time, a guarantee system also serves another important function; it is the only available solution for increasing the likelihood that the goods will be presented to Customs at the office of destination as requested, and do not disappear en route.

There are two types of guarantee system, namely a national guarantee system and an international guarantee system. A national guarantee system is implemented by one country and does not involve any other country. Where an international arrangement on guarantees is not applicable and transit goods are transported across several countries, transit operators need to deposit guarantees at all borders. On the other hand, there are regional or international guarantee systems based on an international legal framework. Considering the possible complexity of regional transit operations, a regional or international guarantee system is more efficient than a chain of national guarantees.

Article 11 of the TFA sets out several important principles in relation to guarantees for transit, covering such matters as forms, limitation of requirements, discharge without delay, comprehensive guarantees, availability of relevant information, and limitation of Customs convoys or Customs escorts. These principles are essential to ensure the effectiveness of the guarantee system and contribute to the smooth movement of transit goods. It is worth mentioning that these important principles are applicable to both a chain of national guarantees and an international guarantee system.

Chapter 5 of the RKC General Annex is about guarantees. The RKC covers the same principles as the TFA. Table 2 below indicates the similarities between the TFA and the RKC in terms of guarantees for transit.

#### *Limitation of guarantees*

According to paragraph 11 of TFA Article 11, guarantees “*shall be limited to ensuring that requirements arising from such traffic in transit are fulfilled*”. RKC Standard 5.6 states that “*where security is required, the amount of security to be provided shall be as low as possible and, in respect of the payment of duties and taxes, shall not exceed the amount potentially chargeable.*”

This principle implies that the basis used to fix the amount of security should not take into account any penalties potentially chargeable or include other concerns that would raise the amount of security unnecessarily. Similarly, the amount of security should not include any interest for delayed payment that might be charged in the event of the declarant failing to fulfill all his obligations.

One of the methods that Customs may use to determine the amount of the security for a single declarant or operator is to take account of the amount of duties and taxes paid by the person concerned during the previous period of the same duration. In the event of changes, for example, in the volume of importations or the rates applicable, the amount of the security may be adjusted accordingly.

In certain cases, such as transit goods that are classified under different tariff headings and liable to different rates of duty, Customs can also determine the amount of the security on the basis of an average single rate for the duties and taxes. This “single rate” method of calculation can be applied for a number of Customs procedures, and offers advantages to Customs and Trade alike.

Table 2: Principles of guarantees

Principles	TFA (Article 11)	RKC General Annex, Chapter 5
Limitation of guarantees	<p>11. Where a Member requires a guarantee in the form of a surety, deposit or other appropriate monetary or non-monetary* instrument for traffic in transit, such guarantee shall be limited to ensuring that requirements arising from such traffic in transit are fulfilled.</p> <p>*Nothing in this provision shall preclude a Member from maintaining existing procedures whereby the means of transport can be used as a guarantee for traffic in transit.</p>	<p>5.6. <b>Standard</b> Where security is required, the amount of security to be provided shall be as low as possible and, in respect of the payment of duties and taxes, shall not exceed the amount potentially chargeable.</p>
Discharge without delay	<p>12. Once the Member has determined that its transit requirements have been satisfied, the guarantee shall be discharged without delay.</p>	<p>5.7. <b>Standard</b> Where security has been furnished, it shall be discharged as soon as possible after the Customs are satisfied that the obligations under which the security was required have been duly fulfilled.</p>
Comprehensive guarantee	<p>13. Each Member shall, in a manner consistent with its laws and regulations, allow comprehensive guarantees which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments.</p>	<p>5.5. <b>Standard</b> When security is required to ensure that the obligations arising from a Customs procedure will be fulfilled, the Customs shall accept a general security, in particular from declarants who regularly declare goods at different offices in the Customs territory.</p>
Availability of relevant information	<p>14. Each Member shall make publicly available the relevant information it uses to set the guarantee, including single transaction and, where applicable, multiple transaction guarantee.</p>	<p>5.1. <b>Standard</b> National legislation shall enumerate the cases in which security is required and shall specify the forms in which security is to be provided.</p>

### Discharge of guarantees

Both the TFA and the RKC require the discharge of guarantees without delay once the obligation has been fulfilled. Paragraph 12 of Article 11 of the TFA states that “*Once the Member has determined that its transit requirements have been satisfied, the guarantee shall be discharged without delay*”. Standard 5.7 of the RKC corresponds to this paragraph.

It reads “*Where security has been furnished, it shall be discharged as soon as possible after the Customs are satisfied that the obligations under which the security was required have been duly fulfilled*”.

Some Members have introduced a system allowing the automatic release of guarantees when the corresponding transit operation is completed. An automatic system of this kind is a desirable solution in terms of avoiding undue delays in discharging guarantees.

### **Comprehensive guarantee**

An individual guarantee covers a single transit operation. This is sufficient for transit operators who do not manage transit operations very frequently. However, where transit operators need to deposit guarantees on a regular basis, the accumulation of individual guarantees causes an administrative burden both for the transit operator and for the Customs administration. In this regard, the TFA and the RKC provide for the acceptance of a comprehensive guarantee which may cover several transit operations.

The TFA states that “*Each Member shall, in a manner consistent with its laws and regulations, allow comprehensive guarantees which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments*”. For its part, the RKC states that “*When security is required to ensure that the obligations arising from a Customs procedure will be fulfilled, the Customs shall accept a general security, in particular from declarants who regularly declare goods at different offices in the Customs territory*”. Although the RKC uses the term “general security”, it is safe to assume that this corresponds to “comprehensive guarantee”. Neither the TFA nor the RKC obliges Customs administrations to accept comprehensive guarantees under all circumstances. If necessary, Customs can temporarily disallow a comprehensive guarantee when a transit operator does not comply with the laws and regulations.

Customs administrations usually have a standard procedure for granting a comprehensive guarantee, in which they calculate the amount of the guarantee based on the volume of the operations carried out by the applicant, and determine at which Customs office the comprehensive guarantee is to be furnished.

The amount of a comprehensive guarantee should only be fixed at a level equal to the full amount of the duties and taxes when it is intended to cover Customs operations for goods presenting a high risk of fraud. Wherever possible, general security should be kept to a minimum amount that will cover all the considerations of national requirements. Some Customs administrations reduce the amount of comprehensive guarantees, taking into account sound finances, sufficient experiences and/or other relevant factors.

### **Availability of relevant information**

Transparency and predictability are essential aspects of trade facilitation, and Article 1 of the TFA focuses on this matter. In addition, paragraph 14 of Article 11 of the TFA is about the availability of information concerning guarantees. It obliges WTO Members to “*make publicly available the relevant information it uses to set the guarantee, including single transaction and, where applicable, multiple transaction guarantee*”.

Standard 5.2 in Chapter 5 of the RKC General Annex requires that the cases in which security is required must be enumerated in national legislation. It states that “*National legislation shall enumerate the cases in which security is required and shall specify the forms in which security is to be provided*”.

## 2. International guarantee systems

### (1) TIR Convention

The TIR Convention (Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1975)) is a multilateral treaty that was concluded at Geneva on 14 November 1975 to simplify and harmonize the administrative formalities of international road transport. The Convention was adopted under the auspices of the United Nations Economic Commission for Europe (UNECE). A feature of the TIR Convention is that the international transit operation is covered by a single transit document, the TIR Carnet. The TIR Convention establishes an international guarantee chain among Contracting Parties, which allows simple access to the required guarantee.

The system used by the TIR transit regime is an example of how an international guarantee chain operates. An association representing the interests of the transport sector in a particular country and authorized by the Customs of that country, guarantees payment within that country of any duties and taxes which may become due in the event of any irregularity occurring in the course of a TIR transport operation. This national guaranteeing association guarantees payment of the duties and taxes of national and foreign carriers of TIR Carnets which have been issued by that national guaranteeing association itself or by an association in another country.

The TIR guarantee chain is administered by the International Road Transport Union (IRU) in Geneva (Switzerland), a non-governmental organization representing the interests of road transport operators world-wide. The guarantee chain is backed up by several large international insurance companies..

The TIR Convention is supplemented by a TIR Handbook which describes the TIR transit system and contains Explanatory Notes and comments for the interpretation and application of the Convention. The TIR Handbook is available at <http://www.unece.org/tir/tir-hb.html>.

### (2) Istanbul/ATA Convention

The ATA is a system which allows the free movement of goods across frontiers, and their temporary admission into a Customs territory with relief from duties and taxes. The ATA Carnet system, which is based on the ATA Convention and the Istanbul Convention, also contributes to transit procedures. Under the ATA system, the guaranteeing associations affiliated to the international guaranteeing chain administered by the ICC World Chambers Federation ensure guarantees for transit operations.

The ATA Carnet replaces national Customs formalities for temporary admission or transit, thus saving costs in clearing goods at each border. The ATA Carnet covers the transport of goods in Customs transit while en route to or returning from a country of temporary importation and, where applicable, within that country. The ATA Carnet procedure is similar to TIR, but is limited to certain types of goods.

### 3. Members' Practices

#### Comprehensive Guarantee - EU

The European Union has introduced a comprehensive guarantee, which covers a certain number of transit operations, in order to try and balance the financial risks and burdens of the transit operators.

Guarantees are fixed to cover the maximum amount of duties and other charges that are at stake in a period of at least one week, based on past transactions and anticipated trends in the trader's operations. The term used for this maximum amount is the 'reference amount'. The trader may not exceed this liability for the movements he undertakes, unless he arranges for supplementary guarantee cover.

The actual level of comprehensive guarantee can be fixed by customs at 100, 50 or 30 % of the 'reference amount' or they can allow a complete waiver of the need to have any guarantee at all. The actual level of reduction depends on the risks involved, the track record of the trader concerned and so forth.

The comprehensive guarantee system is based on the risks involved in the actual transport by the individual trader carrying out the transit operation (who is called the principal); the higher the risks involved, the stricter the guarantee requirements.

#### CRITERIA FOR REDUCTION OF COMPREHENSIVE GUARANTEE OR GUARANTEE WAIVER NORMAL GOODS\*

% guarantee amount Criteria	100%	50%	30%	Waiver
1. Good general financial standing	No additional conditions	✓	✓	✓
2. One year experience		✓	✓	✓
3. Very close cooperation with the competent authorities		-	✓	✓
4. Control of transport operations		-	-	✓
5. Good financial standing, sufficient to fulfil the commitments of the principal		-	-	✓

\* "Normal goods" are the goods not contained in Annex 44c of Implementing Provisions to the Community Customs Code. For "sensitive goods", mentioned in this Annex, the criteria are slightly different (e.g. "waiver" is not allowed).

Source: Transit brochure 'New customs transit systems for Europe' (European Commission, 2001)

## State Insurance Company - Ghana

In Ghana, the State Insurance Company has granted a transit guarantee since 2006 and the formula for calculating the guarantee fee was changed from 0.5 percent of the value of the cargo to 0.5 percent of the taxes and duties at risk. The State Insurance Company is now connected to the customs management system and has real-time access to the data needed to verify and release transit guarantees. Most transit bonds are now promptly released, and customs staff are being trained to enter all information at border crossings.

These guarantees are currently valid only in Ghana. Ghana's guarantee reform was intended to be a first step towards instituting a liberalized "chain of guarantors" agreed to at a 2006 conference attended by most transit guarantors in West Africa.

*Source: Ghana leads West Africa in transit reform, no. 10. Trade logistics. World Bank. (Wulf, Luc De 2010)*

## VI. Simplification of formalities

### 1. General principles in the TFA and RKC

Customs transit systems traditionally placed onerous requirements on the trader in terms of producing documentation, and the goods, at every step in the transit process. Modern Customs administrations have introduced simplified Customs formalities, and now accept electronic copies of supporting documents. The simplification of the documents requirement significantly reduces the burden on the transit operator. A computerized system would successfully replace paper Goods declarations and prevent the occurrence of lost documents and forgeries. Some administrations are already developing or implementing such systems for transit.

Both the TFA and the RKC contain general principles on the simplification of formalities and documentary requirements, as follows.

#### *Minimum requirements*

According to paragraph 6 of Article 11 of the TFA, the formalities and document requirements for transit “*shall not be more burdensome than necessary to (a) identify the goods; and (b) ensure fulfilment of transit requirements*”. The Revised Kyoto Convention also sets out an important principle in this regard. Standard 3.12 in RKC Chapter 3 states that “*The Customs shall limit the data required in the Goods declaration to only such particulars as are deemed necessary for the assessment and collection of duties and taxes, the compilation of statistics and the application of Customs law*”.

To comply with this principle, Customs administrations should examine their needs carefully and should consult with any other government agencies involved, in particular the statistical authorities. In some countries the statistical authority collects or receives data directly from the declarant. However, Customs and the other authorities should make every effort to ensure that a declarant provides the necessary information only once.

#### *Use of commercial or transport document for declaration*

Standard 6 in Chapter 1 of RKC Specific Annex E 1 stipulates that “*Any commercial or transport document setting out clearly the necessary particulars shall be accepted as the descriptive part of the Goods declaration for Customs transit and this acceptance shall be noted on the document*”.

The data required for the transit declaration is often already in the operator’s computer system, in commercial documents or in transport documents (such as the packing list). These documents can therefore be accepted as the descriptive part of the Goods declaration and the declaration itself shall contain only the very minimum data required to identify the goods, such as the total number of packages, the total weight and the reference “according to the attached lists” or similar language.

Chapter 1 of Specific Annex E also contains a recommended practice on this subject. Recommended Practice 7 states “*Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements*”. Given the legal nature of a transport contract (e.g., rail or road waybill) or commercial document (invoice), Recommended Practice 7 represents a reliable legal framework authorizing the use of these documents as transit declarations.

### **Regular review**

Paragraph 1 of Article 10 of the TFA requires the regular review of formalities and documentation requirements, with a view to minimizing the incidence and complexity of import, export and transit formalities and simplifying their documentation requirements.

### **Acceptance of copies**

According to paragraph 2 of Article 10 of the TFA, WTO Members shall endeavour to accept paper or electronic copies of supporting documents for transit formalities. Chapter 3 of the General Annex to the Revised Kyoto Convention contains a series of standards on the clearance of goods and other Customs formalities, including standards concerning documents required in support of the Goods declaration.

Aiming to promote paperless transactions for Customs clearance as an alternative to paper-based documentary requirements, in 2012 the WCO adopted a Recommendation on the dematerialization of supporting documents. This WCO Recommendation recommends that Members identify the supporting documents normally required to accompany the cargo and Goods declaration, and examine the need for those documents with a view to eliminating them.

## **2. International Customs documents – TIR Carnet and ATA Carnet**



International Customs documents such as the TIR Carnet and ATA Carnet are widely used for transit declarations in lieu of national declaration forms. Under the TIR and ATA systems, transit operators may enjoy the benefits of the simplification of Customs formalities. These Carnets are issued by national associations which are involved in the international valid guarantee chain.

Using international Customs documents means that transit operators need not concern themselves with minor differences in the documentary requirements of transit countries. Therefore, for a transit operation involving several border crossings, the use of an international Customs document is a considerable benefit to them. In addition, the presentation of a TIR or ATA Carnet means that the international guarantee chain should cover the transit transaction, and the procedures surrounding national guarantees can be dispensed with.

(ATA Carnet – Cover page)

Issuing Association Association émettrice		INTERNATIONAL GUARANTEE CHAIN CHAÎNE DE GARANTIE INTERNATIONALE	
<b>A.T.A. CARNET/CARNET A.T.A.</b> <b>FOR TEMPORARY ADMISSION OF GOODS</b> <b>POUR L'ADMISSION TEMPORAIRE DES MARCHANDISES</b> <small>CUSTOMS CONVENTION OF THE A.T.A. CARNET FOR THE TEMPORARY ADMISSION OF GOODS                      CONVENTION DOUANIÈRE SUR LE CARNET A.T.A. POUR L'ADMISSION TEMPORAIRE DES MARCHANDISES                      CONVENTION ON TEMPORARY ADMISSION CONVENTION RELATIVE A L'ADMISSION TEMPORAIRE</small> (Before completing the Carnet, please read Notes on cover page 3/avant de remplir le carnet, lire la notice en page 3 de la couverture)			
<b>A T A</b> <b>C A R N E T</b>	<b>A. HOLDER AND ADDRESS /Titulaire et adresse</b>	<b>G. FOR ISSUING ASSOCIATION USE /Réserve à l'association émettrice</b> <b>FRONT COVER/ Couverture</b>	
	<b>B. REPRESENTED BY*/Représenté par*</b>	a) CARNET No. Carnet N°: <input type="text"/>	
	<b>C. INTENDED USE OF GOODS/ Utilisation prévue des marchandises</b>	b) ISSUED BY/Délivré par Number of continuation sheets. Nombre de feuilles supplémentaires: <input type="text"/>	
<b>F. This carnet may be used in the following countries/Customs territories under the guarantee of the associations listed on page four of the cover*/ Ce carnet est valable dans les pays/territoires douaniers ci-après, sous la garantie des associations reprises en page quatre de couverture:</b>		c) VALID UNTIL/Valable jusqu'au ..... / ..... / ..... year / month / day (inclusive) année / mois / jour (inclus)	
<p style="writing-mode: vertical-rl; transform: rotate(180deg); font-size: small;">THIS IS RETURNED TO THE ISSUING ASSOCIATION IMMEDIATELY AFTER USE*/ CETTE COUVERTURE EST RENDUE IMMÉDIATEMENT APRÈS L'UTILISATION</p> <p style="text-align: center; font-size: small;">The holder of this Carnet and his representative will be held responsible for compliance with the laws and regulations of the country/Customs territory of departure and the countries/Customs territories of importation./ A charge pour le titulaire et son représentant de se conformer aux lois et règlements du pays/territoire douanier de départ et des pays/territoires douaniers d'importation.</p>			
<b>H. CERTIFICATE BY CUSTOMS AT DEPARTURE /</b> Attestation de la douane, au départ		<b>I. Signature of authorised official and Issuing Association stamp/ Signature du délégué et</b> Sceau de l'association émettrice	
a) Identification marks have been affixed as indicated in column 7 against the following item No(s) of the General List. Apposés les marques d'identification mentionnées dans la colonne 7 en regard du (des) numéro(s) d'ordre suivant(s) de la liste générale.		..... / ..... / ..... Place and Date of Issue (year/month/day) Lieu et date d'émission (année/mois/jour)	
b) GOODS EXAMINED*/Vues les marchandises* Yes/Oui No/Non		J. <input type="text"/>	
c) Registered under Reference No.* Enregistré sous le numéro: *		X <input type="text"/> X Signature of Holder/Signature du titulaire	
d) Customs Office / Place Date (year/month/day) Signature and Stamp Bureau de douane Lieu Date (année/mois/jour) Signature et Sceau			

(TIR Carnet)

<b>IRU - Union Internationale des Transports Routiers</b>	
<b>CARNET TIR*</b>	
<b>14 vouchers</b> No 	
1. Valable pour prise en charge par le bureau de douane de départ jusqu'au <u>01.07.2003</u> Inclus <i>Valid for the acceptance of goods by the Customs office of departure up to and including</i>	
2. Délivré par <u>Union of Chambers of Commerce, Industry, Maritime Commerce and Commodity Exchanges of Turkey (UCCIMCCE)</u> <i>(nom de l'association émettrice / name of issuing association)</i>	
3. Titulaire <u>TÜRKSPED MEHMET PİR Milletlerarası Nakliyat A.Ş.</u> <i>Holder</i> <u>Merkez Mah. Değirmenbahçe Sok. No:19 Yenibosna Balırcıköy İSTANBUL TUR/042/8</u> <i>(nom, adresse, pays / name, address, country)</i>	
4. Signature du délégué de l'association émettrice et cachet de cette association: <i>Signature of authorized official of the issuing association and stamp of that association:</i>	5. Signature du secrétaire de l'organisation internationale: <i>Signature of the secretary of the international organization:</i>
	Signature of Secretary-General of IRU
Stamp and signature of UCCIMCCE	
<small>(A remplir avant utilisation par le titulaire du carnet / To be completed before use by the holder of the carnet)</small>	
6. Pays de départ <u>Turkey</u> <i>Country/Countries of departure <sup>(1)</sup></i>	
7. Pays de destination <u>Switzerland, Germany</u> <i>Country/Countries of destination <sup>(1)</sup></i>	
8. No(s) d'immatriculation du (des) véhicule(s) routier(s) <sup>(1)</sup> <i>Registration No(s) of road vehicle(s) <sup>(1)</sup></i> <u>34 ZH 6945</u>	
9. Certificat(s) d'agrément du (des) véhicule(s) routier(s) (No et date) <sup>(1)</sup> <i>Certificate(s) of approval of road vehicle(s) (No. and date) <sup>(1)</sup></i> <u>No. 118932.2645 of 02.10.2002</u>	
10. No(s) d'identification du (des) conteneur(s) <sup>(1)</sup> <i>Identification No(s) of container(s) <sup>(1)</sup></i>	
11. Observations diverses <i>Remarks</i>	
12. Signature du titulaire du carnet: <i>Signature of the carnet holder:</i>	
Signature of the TIR Carnet holder	
<sup>(1)</sup> Biffer la mention inutile <i>Strike out whichever does not apply</i>	
<small>* Voir annexe 1 de la Convention TIR, 1975, élaborée sous les auspices de la Commission économique des Nations Unies pour l'Europe. * See annex 1 of the TIR Convention, 1975, prepared under the auspices of the United Nations Economic Commission for Europe.</small>	

### 3. Members' Practices

#### Transit formalities applicable to goods transported by rail - Lithuania

The Member States of the EU apply an internal and external transit procedure as set out in Article 91 and Article 163 of the Community Customs Code (Regulation (EEC) No 2913/92 of 12 October 1992). Within this concept, international conventions dealing with the transit of goods are applied, such as the TIR and ATA Conventions. The EU also applies the Convention of May 1987 on a common transit procedure with EFTA countries and Turkey.

Lithuania applies national transit simplifications for goods transported by rail (Agreement on International Goods Transport by Rail (SMGS) consignment notes), when both the office of departure and the office of destination are located in Lithuania. These simplifications have been introduced on the basis of Article 97(2)(b) of the Community Customs Code by Government Resolution No. 507 of 28 April 2004 on Simplified Application of the Community Transit Procedure for Goods Transported by Rail under Cover of SMGS Consignment Notes, with further amendments. Detailed rules on the use of the above-mentioned simplifications are established by order of the Director General of the Customs Department, under the Ministry of Finance of Lithuania.

The simplification system is very similar to that applied for goods transported by rail under cover of CIM consignment notes in accordance with Articles 412 to 425 of the Implementing Provisions of the Community Customs Code (Regulation (EEC) No 2454/93): the SMGS consignment note is treated as equivalent to a Community transit declaration, the authorised railway company, which accepts goods for carriage under cover of an SMGS consignment note, is treated as the principal in the corresponding transit operation, and no formalities apart from the stamping of the SMGS consignment note need to be carried out at border Customs offices.

The authorised railway company is obliged to make the records held at its accounting office available to the Customs authorities for purposes of control. The authorised railway company is also granted a guarantee waiver in relation to the above-mentioned transit operations.

#### SMGS consignment note

The image shows a complex form for an SMGS consignment note. It includes fields for:
 

- Sender and recipient details (names, addresses, phone numbers).
- Goods description (name, quantity, weight, volume, and value).
- Transportation details (type of goods, packaging, and railway information).
- Administrative fields for customs and railway use.

 The form is organized into a grid-like structure with numbered boxes for each section.

Source : Lithuania Customs (submitted as an innovative practice for the ECP in 2013)

## VII. Risk Management

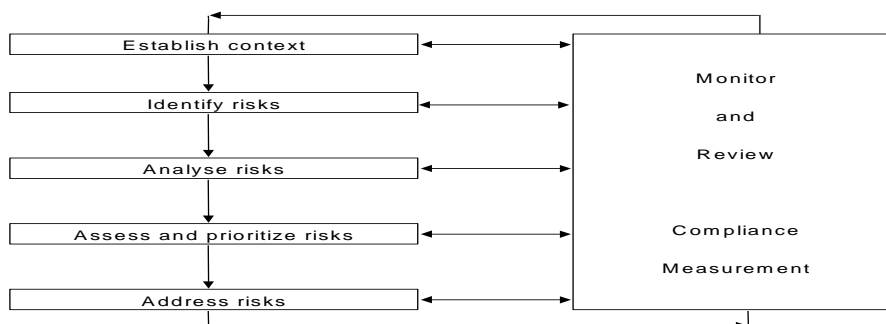
### 1. General principle of Risk Management

The application of risk management in a transit scenario will result in high-risk goods being subjected to the appropriate level of control, while low-risk goods may be exempted from some of the requirements.

The TFA obliges WTO Members, to the extent possible, to adopt or maintain a risk management system for Customs control (Article 7.4), while the RKC General Annex has a Chapter on Customs Control (Chapter 6) which includes a standard requiring the use of risk management in applying Customs control. Customs control is, of course, implicit in a Customs transit system. The RKC Guidelines cover the technical aspects of risk management and Customs control. The Risk Management Compendium introduces detailed and technical information on risk management, based on the practices and experiences of WCO Members.

#### **Box 8. Risk management overview – RKC Guidelines**

The risk management process comprises the establishment of the risk management context, risk identification, risk analysis, risk assessment, addressing the risks and monitoring and reviewing the process through compliance measurement.



#### **(a) Establish the context**

This step establishes the strategic and organizational context in which risk management will take place. Risk areas have to be identified and criteria against which risk will be assessed established and the structure of the analysis defined.

#### **(b) Identify risks**

Identify what, why and how risks can arise as the basis for further analysis. This step requires an in depth description of the current control process, to include :

- participants/clients/stakeholders;
- strengths and weaknesses;
- where, when, how is the risk likely to be incurred and by whom;
- what are the threats and their impact in case of circumvention;
- why do opportunities arise for circumvention.

#### **(c) Analyse risks**

Determine controls and analyse risks in terms of likelihood and consequence. The analysis should consider:

- how likely is an event to happen; and
- what are the potential consequences and their magnitude.

Combine these elements to produce an estimated level of risk.

If the estimated levels are low, then risks may fall into an acceptable category and action may not be needed.

**(d) Assess and prioritise risks**

Compare estimated levels of risk against the pre-established criteria. Rank the risks to identify management priorities. There are different types of ranking systems. The assessment into HIGH, MEDIUM, and LOW is widespread. In complex environments a more detailed system may be needed, such as a range from 1 to 100. The latter also requires the determination of high and low risks but allows for more precision.

Risks must be continually monitored for any change in their nature, level or significance.

**(e) Address risks**

Accept and monitor low-priority risks. For other risks, develop and implement a specific management plan which includes consideration of resources (human, financial and technical).

**(f) Monitor and review - Compliance measurement**

Monitor and review the performance, effectiveness and efficiency of the risk management system and changes which might affect it.

**(g) Documentation**

There should be a risk register which gives the rationale behind selecting the risks, and records the assumptions on which assessments have been made, to establish an audit trail that ensures important information is not lost.

## 2. Authorized Economic Operator

The application of risk management can also result in the introduction of facilitative programmes for Authorized Economic Operators (AEOs), which may provide operators who maintain high compliance and security management with facilitative benefits for transit operations. As a consequence of their status, AEOs can be relieved of the requirement of physically producing goods on a regular basis at the Customs office of departure and the Customs office of destination. In the area of transit, the possible benefits for businesses include: a full or partial waiving of transit guarantees; fewer data elements in transit declarations; Customs clearance at the operator's domicile; and less frequent inspections by Customs and other regulatory bodies.

Article 7 of the TFA, which concerns Trade Facilitation Measures for Authorized Operators, sets out very specific trade facilitation measures to be provided for 'Authorized Operators' who meet specified criteria, which may include: appropriate record of compliance with customs and other related laws and regulations; system of managing records for necessary internal control; financial solvency; and supply chain security.

In this regard, Standard 3.32 in Chapter 3 of the General Annex to the Revised Kyoto Convention concerns the principle of special procedures for Authorized Persons. The RKC Guidelines to this standard provide details of types of special procedures for such persons, as well as the authorization method. In addition, Pillar Two in the WCO SAFE Framework of Standards provides global standards for launching and maintaining an Authorized Economic Operator (AEO) programme. Eligibility criteria for an AEO should include: demonstrated compliance record; satisfactory system for management of commercial records; financial viability; and security (i.e., cargo, transport conveyance, premises, personnel and trade partner security).

### 3. Pre-arrival information

One of the recent trends in Customs procedures for trade facilitation and security is to assess the risk of goods as early as possible along the trade supply chain. To this end, a number of Customs administrations have introduced a legal requirement on the electronic declaration prior to the arrival of goods, in particular for security purposes. The rule applies to all goods taken into or out of the territory, regardless of their final destination, including transit goods.

Paragraph 9 of Article 11 of the TFA obliges WTO Members to allow and provide advice filling and processing of transit documentation and data prior to the arrival of goods. Standard 3.25 in the General Annex to the Revised Kyoto Convention covers the prior lodging and registration of the Goods declaration. This Standard provides for an advanced lodgement procedure that strikes a balance between the interests of traders and the actions of Customs. Customs can process the information that is provided in advance, and make their determination as to whether they need to examine the goods.

### 4. Members' Practices

Authorized consignor and authorized consignee - Switzerland
<p><b>General conditions for granting authorized consignor or authorized consignee status</b></p> <p>Customs could accept as authorized consignor or consignee any person subject to Customs obligations, provided that :</p> <ul style="list-style-type: none"> <li>- they have an appropriate record;</li> <li>- they regularly send or receive goods;</li> <li>- their domicile is sufficiently close to the competent Customs office to enable controls to be carried out without generating excessive administrative work;</li> <li>- they designate premises and/or a room for placing under Customs control the goods for consignment or receipt (the tasks of placing goods under Customs control is assigned to the authorized consignor or authorized consignee);</li> <li>- their administrative management and user system are organized in such a way that the arrival of a consignment can be checked at any time without fail, from arrival up until removal; by transmitting data the authorized consignor or consignee takes on an obligation to Customs;</li> <li>- they provide Customs with the necessary infrastructure (writing desk, possibly telephone),</li> <li>- they furnish a security to guarantee payment of duties and taxes in case of irregularity.</li> </ul> <p>The security is a surety valid until withdrawal of the status and subject to changes</p>

## Authorized consignor and authorized consignee - Switzerland

according to developments (solvency of the security, major growth of the authorized consignor or consignee requiring a greater degree of cover, for example). This security is separate from the one which, where applicable, is required for the transit procedure. Whereas the latter only covers the transit operation, the general security by the authorized consignor serves as a security for other operations (e.g. disappearance of goods from the authorized consignee's premises after termination of Customs transit, but before clearance for home use).

The authorization issued by Customs lists the conditions for using the procedure. The authorization holder is required to notify Customs of any change in the conditions forming the basis of the authorization.

Customs may refuse authorization if the person does not guarantee that the procedure will take place in accordance with the rules or if the person has committed serious or repeated infringements against Customs or tax rules.

### Authorization

If the person requiring authorized consignor or authorized consignee status appears to meet the general conditions, Customs shall carry out a more detailed inspection at the person's premises. On that occasion, the general conditions mentioned above and the methods for implementing the Customs procedure or procedures at issue will be determined. In this case, Customs also plays an advisory role in developing a system which is beneficial to both parties. In addition to the basic conditions mentioned above, the following points could be defined :

- The Customs control office which will be the person's contact office for all Customs matters
- Scope of the status of authorized consignor or consignee
  
- Type of traffic (export and transit; transit and clearance for home use, transit and temporary admission, etc., road traffic, rail traffic; air traffic; water traffic, etc.), possible exclusion of certain goods or laying down special obligations
- Procedure for giving notification of the consignment.

This means notifying Customs of the arrival of the consignment by electronic data transmission with all the information required. For the transit procedure, such notification comprises a minimum of data, but must permit identification of the transport-unit and the type and quantity of the goods at issue. Customs may add other conditions to this notification (e.g. information on the requirement for and presence of a licence).

- Time limit for intervention by Customs

This time period, to be set individually, depends on local conditions and the transmission method. It could be of the order of 30 minutes, but some Customs offices accept shorter times. A reasonable balance has to be struck between a sufficient time for Customs to assess the situation and make a decision on the one hand, and not to make operators wait unnecessarily on the other. When Customs are notified of the consignment, the latter has the specified intervention time to notify the person if Customs intends to carry out the control. If Customs gives no indication during the intervention period, the consignment is deemed released for the rest of the procedure (authorized consignor : consignment placed under the transit regime may be moved; authorized consignee : unloading of the transport-unit may commence, subject to the application procedures for the procedure following transit). If Customs states its intention to conduct a control, this will be carried out within a reasonable time limit, regardless of the time limit for intervention). The intervention time limit shall not prejudice Customs' right to carry

## Authorized consignor and authorized consignee - Switzerland

out impromptu controls.

- Information in the Goods declaration
- Methods of identification of goods

In the Customs transit procedure, the status of authorized consignor or consignee requires certain additional information when drawing up or discharging the Goods declaration.

- Responsibility

The persons responsible as well as their responsibilities shall be defined.

Authorized consignors/consignees will ensure that their staff is familiar with Customs requirements.

- Customs controls

In addition to the controls notified during the intervention period and impromptu controls, the person will authorize Customs to examine the data management and commercial documents where required to ensure that the procedures laid down are being observed.

- Time limit for retaining supporting documents.

### Authorized consignor

#### General

The authorized consignor procedure applies to goods in free circulation for which the authorized consignor is deemed subject to Customs requirements and also applies to goods under Customs control.

This may relate to all transit procedures (national transit; international transit).

The authorized consignor carries out certain tasks at the office of departure, which may vary according to the transit procedure (e.g. opening the Goods declaration) and, if necessary, is authorized to seal the transport-unit, unless the procedure at issue states otherwise (e.g. TIR Carnet).

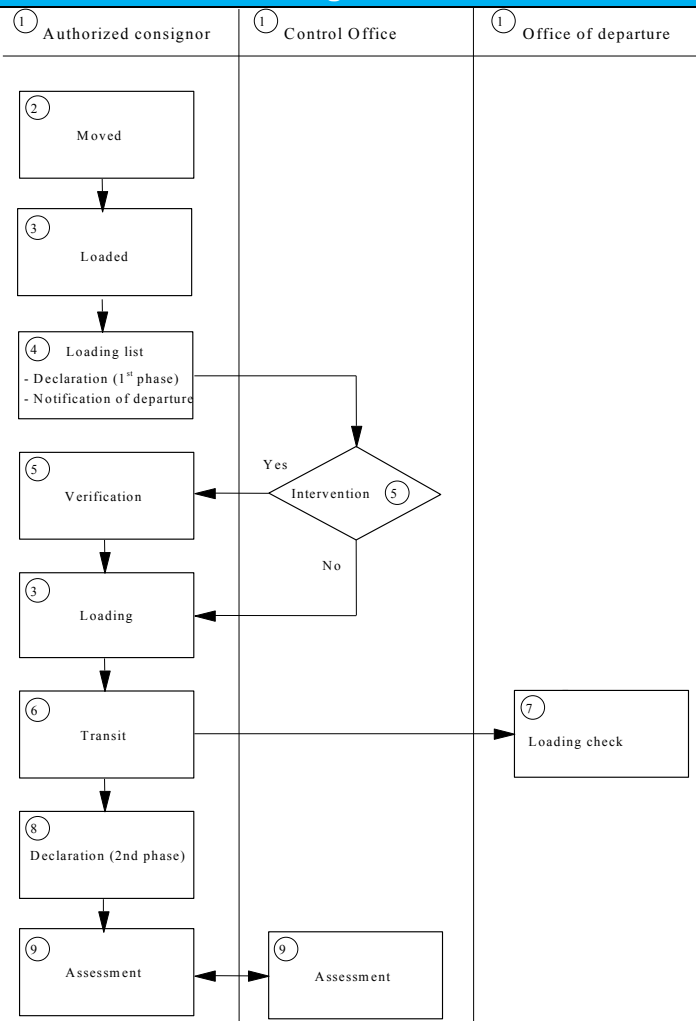
In principle, the duties in question are generally guaranteed for all the transit operations, unless stated otherwise in the procedure at issue (TIR Carnet, goods requiring a separate security for each transit operation).

With regard to the seal affixed by the authorized consignor, the Appendix to the Chapter on Customs transit is the final authority.

#### **Example of how the procedure could take place**

In this example, the procedure applicable to the authorized consignor covers the export procedure (or other procedures where applicable) and the transit procedure at departure.

## Authorized consignor and authorized consignee - Switzerland



(X) The circled figures refer to the detailed description below.

### 1. Partners

- Authorized consignor :
  - Authorized consignor indicated in the authorization.
- Customs office :
  - The Customs control office named in the authorization to ensure that the procedure takes place at the authorized consignor's premises.
- Office of exit :
  - The Customs office situated at the frontier of the country of departure.

### 2. Moved

The goods coming from free circulation are moved to the authorized consignor for Customs processing. Should Customs carry out a control, the authorized consignor must be able to justify where they came from.

### 3. Loading

Loading in the transport-unit can already begin before the loading list is sent (4) or not until after the time limit for intervention has elapsed or after Customs controls (5).

The goods can also be left in the means of transport of arrival or be transhipped to another means of transport.

Goods from the authorized consignor can also consist of additional goods already in the

## Authorized consignor and authorized consignee - Switzerland

means of transport (e.g. goods already placed under a Customs procedure by another authorized consignor).

### 4. Loading list (first phase declaration and notification)

The loading list has two functions :

- (a) It is the binding simplified export declaration in the first phase of the declaration procedure and
- (b) It is also a notice of departure and will also contain the transport data.

The loading list is generally sent to the control office by electronic data transmission.

Contents of the loading list :

- (a) for **general transport** (vehicle, container, etc.)
  - Consignor's name (authorized consignor)
  - Date and time of departure
  - Registration number of the vehicle or container
  - Gross weight of the whole consignment (load weight)
  - Number and type of Goods declarations for the transit
  - Where applicable, number and type of Customs seals
  - Customs office via which the goods are to leave the Customs territory
- (b) for each **consignment** (batches in the loading list)
  - Identification (e.g. reference number + serial number)
  - Packaging (marks, serial numbers, type and number)
  - Exporter (name, place)
  - Trade description of the goods
  - Gross mass (gross weight)
  - Indication of whether the goods are subject to an export licence
  - Country of destination
  - Type of Customs clearance (e.g. exportation, end of a temporary admission procedure).

Information on each consignment can be contained in the information on the general transport if it is valid for the whole transport.

A Goods declaration can be used instead of the loading list if it contains the information required (e.g. unitary goods).

Goods requiring an export licence can be accepted, provided that the licence is available in this phase.

### 5. Intervention and inspection

The loading list is a binding Goods declaration (e.g. outright exportation procedure). Upon its receipt, the control office decides whether or not to carry out an inspection. If so, it must inform the authorized consignor of its intentions within the specified intervention period, otherwise the transport or loading can take place.

The intervention period is only valid during the Customs office opening hours. Shorter intervention times may be agreed where local conditions so permit. The time of the electronic data transmission to the control office is decisive. The time limit tacitly expires at the end of the intervention period, which may be shortened by rapid release from the Customs office.

In principle, inspections are only carried out during the opening hours of the control office,

## Authorized consignor and authorized consignee - Switzerland

using the loading list as a basis. Customs may request additional documents (e.g. transport order, invoices, etc.).

### 6. Transit

The Goods declaration (transit) is drawn up on the basis of the loading list, which is often only a duly completed copy of the Goods declaration. In principle, all types of Customs clearance in transit for all types of traffic are possible (see below).

The authorized consignor is required to notify the Customs office without delay when errors in the loading or other irregularities are noted after the goods have been shipped.

### 7. Loading control

The Customs control office can also conduct loading controls through the Customs office of exit of the Customs territory concerned. Customs may also ensure that the load has not been changed since notification to the Customs control office. Customs should allow extended opening hours (e.g. from 5 a.m. to 10 p.m.) for these controls in exceptional circumstances.

### 8. Declaration (2nd phase)

The consignments numbered on the loading list should generally be declared the working day following notification of departure. The phase 2 declaration is also binding.

Declarations should refer to the batches on the loading list (by mentioning the identification numbers). The second phase declaration can also be combined with phase 1.

### 9. Assessment

The authorization will set the time limit for returning a copy of the Goods declaration (transit) to the control office.

## National and international transit

### Customs clearance in national transit

A very simple system may be used for clearance in national transit of goods in internal free circulation and cleared at export. In the following model, the exporter would enjoy a simplified exportation procedure enabling him to state periodically (e.g. in the form of a monthly summary), by computerized procedure, all the data required by Customs. However, to permit processing of the goods at the time of actual exportation, the exporter sends notification by means of an existing document, such as the delivery sheet, containing at least the following information :

- Consignment identification number;
- Packaging (marks, serial numbers, type and number)
- Trade description
- Gross weight of the whole consignment
- A stamp of a varying dimensions containing a minimum of data.

This stamp mark (an adhesive stamp, computer-generated stamp, etc.) made by the authorized consignor, gives the commercial document the status of an export document. If an ad hoc heading is added, it becomes a transit document. The stamp could be based on the following model, but may be amended according to the specific needs of the Contracting Party.

## Authorized consignor and authorized consignee - Switzerland

<b>EXPORTATION by simplified procedure</b>		Exportation
<small>Export licence</small>	<small>Avai- lable</small>	
<b>Recipient of the procedure Authorization number</b>		Export + Transit
<b>Office of control :</b>		
<b>Equivalent to national bond Note in the simplified procedure</b>		Transit
<b>Departure</b>	<b>Unloading</b>	
<b>Date: Day.Month.Year</b>  <b>Time-limit : 2 days without Customs seal</b>		

The original of the transit document is sent with the consignment and, once signed by the office of destination, is returned to the office of issue. This simplified transit document is valid only for clearance in national transit.

### Customs clearance in international transit procedures

#### Basic procedure

The goods to be placed under the transit procedure are not presented at the Customs office and the formalities take place on the premises of the authorized consignor. As the authorized consignor carries out certain functions delegated by the office of departure (his control office), in addition to the data normally required he shall complete the Goods declaration (e.g. using an adhesive stamp or computer-generated stamp) with the following references :

- identification of the Customs territory, Customs office, transit document number, title, date, authorized consignor and authorization;
- "simplified procedure", any Customs seals and the time limit for transit.

The authorized consignor is not required to sign computer-generated Goods declarations. In the space for the signature he writes "signature waived". A copy of the Goods declaration is returned to the control office within the time limit set by the agreement (e.g. the following working day).

#### TIR Carnets and ATA Carnets

TIR Carnets must be presented at the Customs office so that the sheet and voucher can be processed and checked. Transport of goods under TIR Carnet is subject to general

## Authorized consignor and authorized consignee - Switzerland

provisions and must be made under Customs seal. ATA Carnets (transit counterfoils) are processed in a similar way.

### Transit in rail traffic

If the railways are under State control, they have a control function inasmuch as the consignment will be forwarded in accordance with the transport order (consignment note) to an office of destination. The place of loading or preparation for consignment will be decided upon between the authorized consignor and the Customs control office, on a case-by-case basis and depending on the type of rail transport (authorized consignor with rail links, free loading at the station of dispatch, etc.).

Customs does not require the Goods declaration to be presented. Instead it is replaced by an international consignment note or a transfer note for a container, containing the necessary information ("Customs" pictogram label, stamp which may contain the Customs territory crest, Customs office, loading number, date, approved consignor and authorization number).

The Customs office will ensure that the authorized consignor has submitted to the railways the unchanged Goods declarations and consignments.

### **Transit in air and water traffic**

A procedure based on rail traffic can be applied to air and water traffic, subject to local conditions.

### **Authorized consignee**

The procedure applicable to the authorized consignee extends to goods transported to the consignee's premises under a transit procedure.

This may cover all the transit procedures (national transit; international transit).

The authorized consignee carries out some of the office of destination's tasks which may vary according to the transit procedure and, where applicable, removes the Customs seal, unless Customs states otherwise.

The goods are moved to the consignee's premises under the transit procedure with Customs declaration. The authorized consignee takes into charge the Goods declaration and removes any seals, unless the transit procedure or Customs states otherwise.

The notification by the authorized consignee to the Customs office must cover the whole load of the vehicle. The consignee shall send Customs, by electronic data transmission, the business name, date and time of arrival, number of the goods list (summary list of all the goods contained on the Goods transit declaration or declarations : this goods list will be an important document for the subsequent clearance for home use procedure), file number, identification of the transport-unit, number of packages, gross weight, number, type and serial numbers of goods transit declarations, and, where applicable, the number and type of Customs seals.

The Customs office has an agreed time limit for stating whether it intends to check the load or carry out a physical inspection of the goods. At the end of this time limit, in the absence of notification from the Customs office, release is deemed to be granted. The consignee may then remove any Customs seals and use the goods, subject to the conditions applicable to the procedure following Customs transit (e.g. clearance for home use). An inventory must be made of all the goods to permit the application of the

## Authorized consignor and authorized consignee - Switzerland

procedure following transit. Depending on the transit procedure applied, discharge of the Goods declaration can be either fully or partially entrusted to the authorized consignor (e.g. stating the date of arrival and the result of the goods examination, and, where applicable, seals), unless the transit procedure (e.g. TIR Carnets) or Customs otherwise requires.

After subsequent presentation of the Goods declaration at the Customs control office, the latter will authenticate the discharge statements (unless the discharge procedure is solely under Customs competence, e.g. as for TIR Carnets). This authentication does not mean that Customs has checked the data, but rather that it has accepted it. If the discharged Goods declaration has to be returned to a Customs office in another Customs territory (e.g. because the Customs office manages the security), this authentication is required as the office of departure does not generally control authorized consignees resident in another Customs territory.

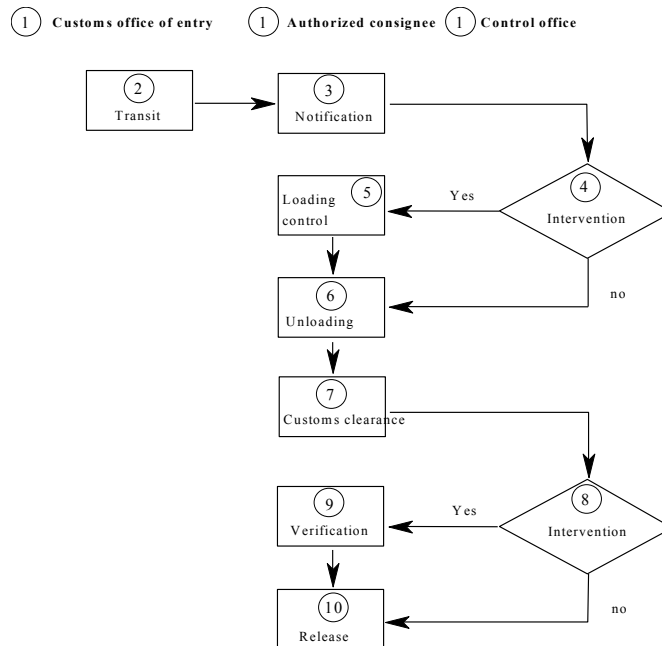
The Customs office is solely responsible for releasing the Customs transit security, unless the transit procedure (e.g. TIR Carnet) otherwise requires.

### Goods intended for another transit procedure

Goods intended for subsequent transit must be named as such in the inventory list. They may not be interfered with in any way. Goods stored at the premises of the authorized consignee are considered to be under Customs control. Re-consignment to another inland Customs office is carried out using a national transit document if the arrival of Goods declaration is no longer valid.

### **Example of how the process may take place**

In this example, the procedure applicable to the authorized consignee covers the transit procedure at arrival and the clearance for home use procedure (and other procedures where applicable).



ⓧ The circled figures refer to the detailed description below.

## Authorized consignor and authorized consignee - Switzerland

### 1 Partners

- Customs office of entry :
- Any competent Customs office situated at the border or inland.
- Authorized consignee :
- Authorized consignee indicated in the authorization.
- Control office :
- Customs office named in the authorization supervising the procedure at the authorized consignee.

### 2 Transit

All types of Customs clearance in transit for all types of traffic are possible. Customs determines the types of traffic for which the Goods declaration can be waived (e.g. when the international rail consignment note, the air waybill or the manifest serves as a Goods declaration).

### 3 Notification

The authorized consignee informs the Customs office of the goods' arrival. This notification, by electronic data transmission, shall contain the following data :

- Consignee (authorized consignee)
- Date and time of arrival
- Number of the goods list
- File number
- Identification of the vehicle or container
- Number of packages
- Weight of the load (gross weight)
- Number and type of Goods declarations
- Where applicable, the number and type of Customs seals

The procedure is settled with each authorized consignee subject to local conditions.

Advance notice, i.e. notice before the arrival of the goods at the authorized consignee, is acceptable. For frequent consignments this may take the form of a general notification. The Customs office must be informed immediately when the goods actually arrive; if circumstances so permit (frequent transports – practically according to a timetable – of specified goods), the authorized consignee merely has to give notification that a consignment has been cancelled or delayed in good time.

### 4/5 Loading control

If the control office plans to check the consignment at the authorized consignee's premises, it so notifies the consignee during the intervention period agreed, otherwise the authorized consignee is permitted to remove any Customs seals and unload the goods. The intervention period is generally half an hour and is only applicable during the Customs office opening hours. The time at which the data is electronically transmitted to the Customs office is decisive. When local conditions so permit, shorter intervention periods can be agreed. Customs must decide whether or not to check the load during the intervention period. However, the check can be carried out later, but still within a reasonable time period. The time period set does not adversely affect the Customs right to carry out impromptu checks.

### 6 Unloading

At the end of the intervention period or on completion of the loading control by the Customs office, the authorized consignee can unload the goods and place them in the premises named in the authorization. He can, however, also leave the goods on the

## Authorized consignor and authorized consignee - Switzerland

means of transport of arrival or tranship them.

All the goods, including those which remain on the means of transport of arrival or are transhipped, must be listed. The form of inventory is set out in agreement with the authorized consignee.

The authorized consignee is required to notify the Customs office immediately of any missing or surplus goods, switched goods or other irregularities.

Special conditions are laid down for certain goods, such as those subject to controls outside Customs' competence (veterinary inspection for animals, control of plants, etc.) to take account of local conditions (separate warehousing, transit at the destination of the competent Customs office, for example).

### **7-10 Customs clearance, inspection and release**

These operations in principle belong to the procedure following transit.

Switzerland is the Contracting Party of the Convention on common transit procedure (signed between the EU and EFTA countries), so the rules of authorised consignor and authorised consignee for transit are similar to those applicable in the EU.

## Simplified procedures for authorised consignors and consignees - EU

Within the framework of the NCTS, authorised consignors and consignees may carry out all the procedures at their own premises and exchanging information with customs electronically is clearly the most rapid, comfortable, secure and economic way of doing business.

Obviously in addition to satisfying the normal criteria to become an authorised consignor or authorised consignee, they will have to possess an adequate electronic data processing system for information interchange with their relevant customs offices. Of course this can only work if these offices are connected to the NCTS.

Once these criteria have been fulfilled, authorised consignors are able to:

- create the transit declaration in their own computer system;
- send the corresponding declaration message electronically to the office of departure without the goods having to be physically presented there;
- send and receive by electronic means subsequent messages, including requests for correction of the declaration, notification of its acceptance and notification of the release of the goods.
- set up a time-limit for delivery of the goods to the place of destination and affix seals (if necessary)

As far as authorised consignees are concerned, they are able to:

- receive the goods and the accompanying document directly at their own premises;
- send the arrival notification message to the relevant office of destination electronically;

### Simplified procedures for authorised consignors and consignees - EU

- receive and send subsequent messages concerning permission to unload goods and the notification of the results of the unloading to customs electronically.

*Source: Transit brochure 'New customs transit systems for Europe' (European Commission, 2001)*

### Air Cargo Advance Screening (ACAS) - The United States

In October 2010, the global counterterrorism community disrupted a potential terrorist attack when concealed explosive devices were discovered in cargo on board aircraft destined for the United States. This incident not only demonstrated the significance of advance information in identifying and disrupting the attempts of terrorists to exploit the global supply chain, but also that existing manifest submission requirements were insufficient in preventing explosives from being loaded on aircraft bound for the United States. In response, CBP, TSA, and the private sector quickly came together as partners with an urgent purpose to protect air cargo shipments destined for the United States.

This partnership became the ACAS pilot which was launched in December 2010. The objective has been to enhance cargo security without unduly burdening the private sector by identifying strategies to strengthen air cargo supply chain security, including developing a mechanism to collect cargo information prior to the loading of cargo and at the earliest point practicable in the supply chain. Through the pilot, CBP is now receiving advance air cargo information from all air cargo stakeholders, and targeting and mitigating high-risk shipments prior to the loading of aircraft no later than the last foreign port of departure to the United States.

While the ACAS pilot is still underway, the pilot has demonstrated that select data elements are available early in the supply chain, at least prior to the loading of an aircraft at the last foreign port of departure, for international inbound air cargo. Moreover, the value of understanding the business practices of various Trade stakeholders has facilitated the implementation of a cargo regime that does not unduly disrupt the flow of air cargo.

*Source : US CBP (submitted as an innovative practice for the ECP in 2013)*

## Single Automated Management System and Target Centre - Customs Service of Azerbaijan

Deployed in 2009 by the State Customs Committee of the Republic of Azerbaijan, the Single Automated Management System of the Customs Service (SAMS) is an integrated tool for customs management. As a complement to Customs reforms, SAMS is an integral part of Customs modernization and stands at the core of customs business process. It comprises various modules and covers all stakeholders including government agencies, importers, exporters, freight forwarders, carriers, customs brokers, terminal operators, banks, and international agencies active in customs operations.

In line with the commitment of customs to facilitate legal trade and to ensure the security of transit the Customs Service of Azerbaijan established a special module related to transit transportation within the Single Automated Management System. It has been integrated to the Target Centre established at the premises of the State Customs Committee, to provide surveillance over the movement of transportation, 24/7. This system helps to properly manage the tracking of goods and vehicles electronically, at borders and within the country, by means of GPS systems and surveillance cameras installed at all customs checkpoints. As a result of this implementation, the efficiency of the transit corridor has been increased.

Moreover, with regard to the special Customs procedure for Transit, participants in foreign economic activity have been offered the possibility of lodging advance information on goods and means of transport via e-Customs service delivered online. This in turn provides an opportunity for Customs to gain advance information regarding goods and means of transport, and also enables participants in foreign economic activity to obtain a unique code, thus facilitating the registration process.

Yet another successful project related to transit is about the use of X-Ray images of cargo generated from HVCG-XRAY equipment installed at border customs checkpoints and transmitted to customs of destination where the data is integrated to Single Automated Management System of the Customs Service and utilized in the process of customs control. This helps to optimize transit management while preventing smuggling cases and other customs infringements.

*Source : Azerbaijan Customs (August 2014)*

## VIII. Customs seals and other security measures

### 1. Integrity of the consignment

In principle, goods presented at the start of a transit operation should leave the transit countries in the same quantity and state. To ensure the security of goods in transit operations, Customs administrations usually affix Customs seals and fastenings to the goods and/or the transport unit. The RKC states that “*The Customs at the office of departure shall take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference*” (Specific Annex E, Chapter 1, Standard 8).

In addition to Customs seals, other restrictive measures, such as providing Customs escorts or setting a certain time limit and designating a route for transit goods, are used to ensure the integrity of transit goods during transit operations. These measures may have an adverse effect on the smooth movement of transit goods, and as a result Customs administrations are encouraged, to the extent possible, to relax requirements regarding their use.

### 2. Customs seals

According to the RKC, Customs seals must conform to certain minimum requirements (Specific Annex E, Chapter 1, Standard 16). Also, the office of destination must be able to identify the office that affixed the Customs seals and fastenings, and ensure that goods in transit have not been tampered with.

In addition to the minimum requirements regarding Customs seals, the RKC introduces several standards and recommended practices aimed at reducing the burden on transit operators and facilitating transit operations. For example, Recommended Practice 11 in Chapter 1 is about open transit, under which transportation without Customs seals is permitted where the accompanying documents make it possible unequivocally to identify the goods. Generally, information on the packing (marks, serial numbers, type and number), the trade description of the goods and the gross mass (gross weight) permit such identification.

Furthermore, Recommended Practice 17 recommends that Customs facilitate transit operations by accepting Customs seals and identification marks affixed by foreign Customs. This avoids the need for re-sealing at each border office.

In some cases the transit operation should be taking place under Customs seal, but the transport unit may not be suitable for this and hence cannot be properly sealed. In such cases, the measures referred to in Standard 12 are alternative solutions for ensuring Customs security. These measures are:

- full examination of the goods and recording the results thereof on the transit document;
- affixing Customs seals or fastenings to individual packages;
- a precise description of the goods by reference to samples, plans, sketches, photographs, or similar means, to be attached to the transit document;
- stipulation of a strict routing and strict time limits; or
- Customs escort or convoy.

**Box 9. Minimum requirements to be met by Customs seals and fastenings**  
(Appendix to Chapter 1 of Specific Annex E to the RKC)

- A. *Customs seals and fastenings shall meet the following minimum requirements :*
1. *General requirements in respect of seals and fastenings :*  
*The seals and fastenings shall :*
    - (a) *be strong and durable;*
    - (b) *be capable of being affixed easily and quickly;*
    - (c) *be capable of being readily checked and identified;*
    - (d) *not permit removal or undoing without breaking or tampering without leaving traces;*
    - (e) *not permit use more than once, except seals intended for multiple use (e.g. electronic seals);*
    - (f) *be made as difficult as possible to copy or counterfeit.*
  2. *Physical specification of seals :*
    - (a) *the shape and size of the seal shall be such that any identifying marks are readily distinguishable;*
    - (b) *each eyelet in a seal shall be of a size corresponding to that of the fastening used, and shall be positioned so that the fastening will be held firmly in place when the seal is closed;*
    - (c) *the material used shall be sufficiently strong to prevent accidental breakage, early deterioration (due to weather conditions, chemical action, etc.) or undetectable tampering;*
    - (d) *the material used shall be selected by reference to the sealing system used.*
  3. *Physical specification of fastenings :*
    - (a) *the fastening shall be strong and durable and resistant to weather and corrosion;*
    - (b) *the length of the fastening used shall not enable a sealed aperture to be opened or partly opened without the seal or fastening being broken or otherwise showing obvious damage;*
    - (c) *the material used shall be selected by reference to the sealing system used.*
  4. *Identification marks :*  
*The seal or fastening shall be marked :*
    - (a) *to show that it is a Customs seal, by application of the word "Customs" preferably in one of the official languages of the Council (English or French);*
    - (b) *to show the country which affixed the seal, preferably by means of the sign used to indicate the country of registration of motor vehicles in international traffic;*
    - (c) *to enable the Customs office which affixed the seal, or under whose authority the seal was affixed, to be identified, for example, by means of code letters or numbers.*
- B. *Seals or fastenings affixed by authorized consignors and other authorized persons for Customs transit purposes to ensure security for Customs purposes shall offer physical security comparable to that of seals affixed by the Customs and shall make it possible to identify the person who affixed those seals, by means of numbers to be entered on the transit document.*

### 3. Time period

Regarding time periods, Standard 13 in Chapter 1 of RKC Specific Annex E states that “*When the Customs fix a time limit for Customs transit, it shall be sufficient for the purposes of the transit operation*”. The primary objective of a time limit is to permit termination of transit in a reasonable time and, if necessary, make it possible to initiate an investigation to

ensure compliance with Revenue requirements without unnecessary delays, which would only complicate the next part of the operation.

In some groups of administrations where there is a transit agreement, when the office of departure has found it necessary to specify a time limit, the other administrations party to the agreement should accept that time limit and not impose another one. When Customs fix a time limit for Customs transit, it should take into account any special regulations to which carriers are subject, particularly regulations concerning working hours and mandatory rest periods for drivers of road vehicles.

#### 4. Customs escort and convoy

In exceptional circumstances only, the office of departure may require transit goods to be transported under Customs escort or convoy. However, Customs escorts or convoys may encourage an environment of corruption and cause a considerable burden for transit operators, as well as time delays. They should therefore be avoided.

Paragraph 15 of Article 11 of the TFA indicates that “*Each Member may require the use of customs convoys or customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with customs laws and regulations cannot be ensured through the use of guarantees.*” According to RKC Specific Annex E, Chapter 1, Customs may require goods to be transported under Customs escort only when they consider such a measure to be indispensable.

There should be no obligation to have goods transported under Customs escort or convoy unless Customs, exceptionally, judges these special measures to be vital, for example because of a high risk. However it should be noted that Customs and, by extension, the Customs escort or convoy, is not responsible for guaranteeing the physical safety of goods, but rather for ensuring that they are presented at the Customs office of destination. This is why, when judging whether or not an escort is necessary, no account should be taken of the concept of protecting the goods against theft or hijacking, for example.

#### 5. Road checkpoints and corruption

In some developing countries, road checkpoints set up by border agencies such as Customs and police authorities are frequently noticed. For example, according to a recent report produced by USAID and the West African Economic and Monetary Union (UEMOA), there are 19 road checkpoints (excluding checkpoints at the border) along the 881km corridor from Tema port in Ghana to Ghana’s border with Burkina Faso, causing 11 US dollars of bribery payments per 100km and 96 minutes of delays<sup>7</sup>. Another report regarding corridors project in Western Africa mentions that tens of control points are found along each corridor, and according to vehicle operators, their number grows continuously, often reaching more than 120 controls during some points in the year<sup>8</sup>.

In this regard, paragraph 7 of Article 11 of the TFA stipulates that “*Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member’s territory, they will not be subject to any customs charges nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member’s territory*”. The border agencies must consider ways to reduce such

---

<sup>7</sup> 23rd USAID/UEMOA Road Governance Report (1st Quarter 2013)

<sup>8</sup> Logistics Cost Study of Transport Corridors in Central and West Africa (Nathan Associates Inc, September 2013)

checkpoints and optimize the transit regime. Reducing corruption and road checkpoints is essential for effective transit operations. Serious efforts to reduce them have been made by each corridor projects. For instance, the council of Ministers of UEMOA adopted a decision to limit to no more than three the number of controls of transit goods along each corridor.

Another report developed by the USAID also pointed out that “*corruption at road checkpoints represents only 14% of total informal payments on import and 34% on export*”.<sup>9</sup> Transit operations are vulnerable to corruption because of long distances and extended period of time. However, anti-corruption policies should not be limited to transit operations.

## 6. Members’ Practices

### Inter-modal Transshipment Facilitation (ITFS) – Hong Kong China

After the implementation of the “Road Cargo System” (ROCARS), Hong Kong Customs (HKC) introduced the Inter-modal Transshipment Facilitation Scheme (ITFS) in November 2010 to offer facilitation to Air-Land and Sea-Land transshipment cargoes. With advance electronic transshipment consignment information and the application of electronic lock (E-Lock) and Global Positioning System (GPS) technologies, HKC can monitor the movement of transshipment cargoes and vehicles conveying such cargoes.

ITFS aims to provide a simplified clearance process for transshipment cargoes, and assist the HKC in better monitoring the movement of transshipment cargoes and the vehicles conveying such cargoes.

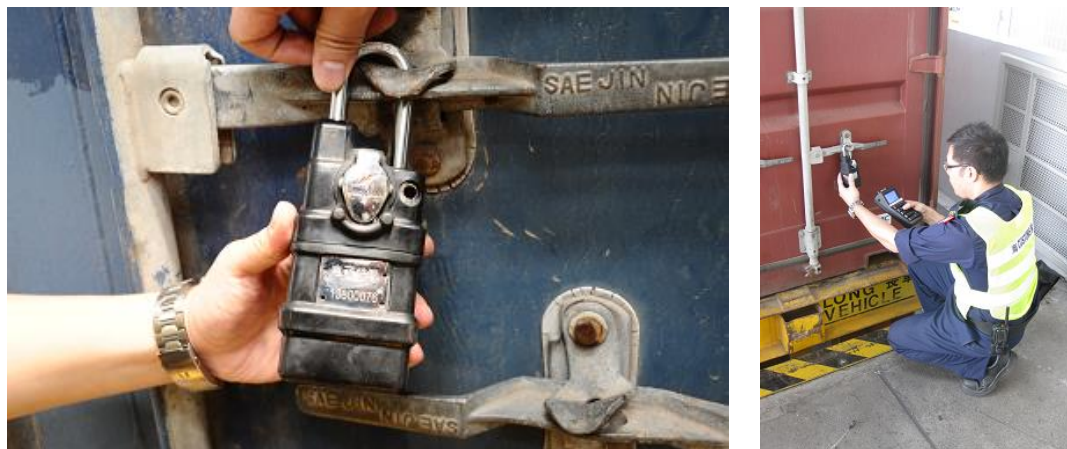
Under ITFS, the transshipment cargoes of inter-modal operators who have submitted advance cargo information through ROCARS or the “Air Cargo Clearance System” (ACCS), and whose vehicles are installed with the accredited E-Lock and GPS, will normally be subject to Customs inspection at either the point of exit or the point of entry.

The E-Lock will be applied to the cargo compartment of the vehicle or container conveying the transshipment cargo. During the journey within Hong Kong, China, the activated E-Lock will prevent the cargo from being tampered with. In addition, GPS equipment will be used for monitoring the movement of the vehicle. The GPS device is capable of reporting data on the geographic position of the vehicle to a web-based information platform. The web-based GPS monitoring system will alert HKC officials when a vehicle departs from the designated route or stops for a prolonged period during its journey within the territory of Hong Kong, China. Provided that the E-Lock is in order and no irregularities are detected during the journey, HKC officials will deactivate the E-Lock at the exit point.

To further streamline the operation and enhance security, ITFS was revamped by the introduction of a single platform for monitoring the real-time GPS information and controlling the E-Locks of all accredited suppliers. Furthermore, HKC has introduced “Radio Frequency Identification” (RFID) technology at the designated Air, Land and Sea checkpoints and cargo terminals, to conduct wireless control of E-Locks. This enables ITFS vehicles to enjoy seamless clearance, without the need to stop at Customs facilities to activate or deactivate the E-Lock.

<sup>9</sup> Transport and Logistics Costs on the Lome-Ouagadougou Corridor (USAID, 2012)

## Inter-modal Transshipment Facilitation (ITFS) – Hong Kong China



Source : Hong Kong Customs (submitted as an innovate practice for the ECP in 2013)

## Customs Transit Security Initiative (ISTA) – Argentina

The Customs Transit Security Initiative (ISTA) is a national land transit control measure. Defined as a technological platform for the satellite monitoring of transport, it ensures the integrity of shipments and the transparency and security of operations, at low cost; it also prevents the diversion of goods, thefts and any other offences.

In the framework of the SAFE Standards, the ISTA has promoted and facilitated the integrated monitoring of the transit of goods, through the use of electronic security seals and the ability to pinpoint the goods at all times. Thus, it prevents losses from shipments and the illegal entry of products into the country.

Source : Argentina Customs(submitted as an innovative practice for the ECP in 2013)

## International Cargo Manifest /Customs Transit Declaration: MIC/DTA- Chile

In the framework of the modernization and unification process of land transport, a web-data system has been created in order to be used by international cargo transporters, who have to manifest their cargo in each one of their operations. The MIC /DTA (International Cargo Manifest/Customs Transit Declaration –in Spanish-) must to be electronically submitted by the transport operator or by their authorized representative before Chile Customs. This system is complemented by a monitoring control module called SIROTE, which registers the cargo in the check points.

The system is free for the users; they only need to have computer, internet, and printer. It is useful for Customs, as well as for transport companies because it accounts with a schedule system, which allows the control of real time of drifts, stops, news and any event during the transit. The system is in Spanish and Portuguese, allowing the transit from Chile to Argentina, Bolivia, Brazil, Paraguay, Peru and Uruguay (Mercosur).

Source: Chile Customs (August 2014)

## Electronic Transit Monitoring and Facilitation System - Jordan

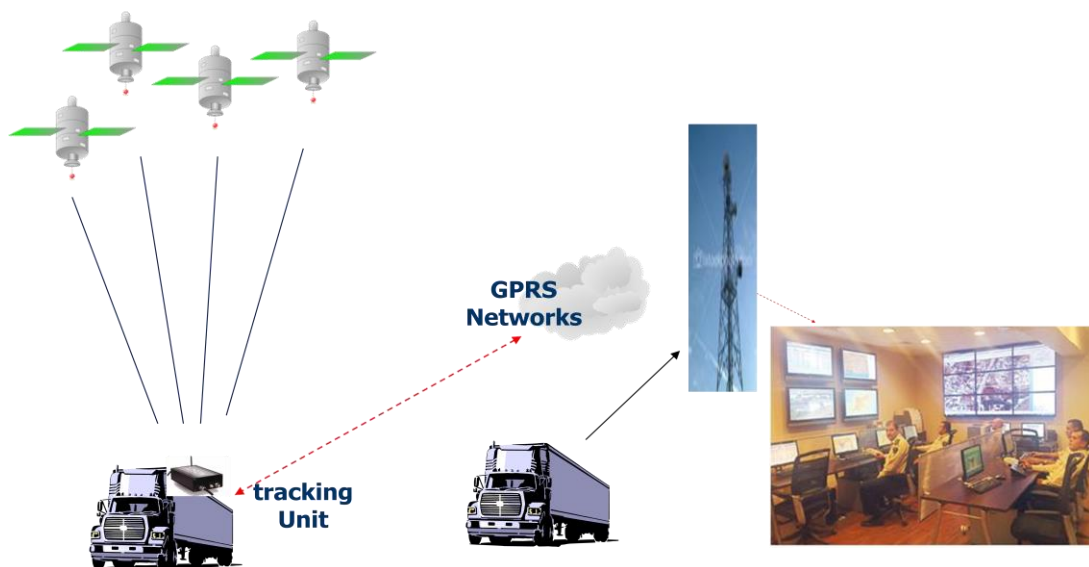
Jordan's electronic transit monitoring and facilitation system utilizes GPS Technology to locate the position of the monitored trucks, GPRS/SMS Technology for communications between the tracking units and the control room, and digital maps (vector and raster) to provide a graphical interface to the user to enable him to follow up the movements of trucks. MIS/CIS are used to provide the necessary statistics and reporting, and to interface with other existing computerized applications to avoid duplication in data entry; wireless networks and PDAs are used at the Customs houses to initiate and terminate transit trips.

The tracking operation starts at the Customs centre of entry; after the transit truck has completed all Customs procedures, it moves to the electronic tracking yard which is located just before the exit gate. A tracking unit and electronic seals are configured and installed on the truck. The transit route which the truck will follow is assigned at this stage. The unit is identified by the system at the control room and the truck appears on the main monitoring screen.

During the transit trip, the truck's position is updated at preassigned intervals; based on a computerized risk analysis system, the intervals can be short for high risk shipments, and long for low risk shipments. Any violation committed during the trip is reported immediately to the control room.

When the truck reaches the Customs centre of exit, a trip report is issued by the system, showing the route that has been followed by the truck and identifying any violations committed during the trip. The report is analyzed by the Customs officer, who will terminate the transit trip and remove the tracking unit and electronic seals. The tracking unit is then recharged to be used on another trip in the opposite direction.

This system has contributed to the security and facilitation of the international supply chain, as it reduces the transit time across Jordan by more than 50%, and contributed to reducing the smuggling of valuable goods and dangerous materials via transit trade.



Source : Jordan Customs (submitted as an innovative practice for the ECP in 2013)

## IX. Border infrastructure

### 1. Specific infrastructure for transit

Border infrastructure is an important element for the reduction of border congestion. Inadequate infrastructure is often a major obstacle to the establishment of efficient transit transport systems. Even if Customs procedures are simplified and effective, the smooth movement of transit goods requires quality infrastructure. For example, a narrow old bridge at the Malaba border was identified as a major obstacle to the smooth flow of increasingly heavy traffic, as a result of time release study conducted by the East African Community (EAC).

It is reasonable to consider specific infrastructure, such as separate transit lanes, at border points where large volumes of transit goods are encountered. Paragraph 5 of Article 11 of the TFA encourages WTO Members *“to make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit”*.

### 2. Members' Practices

#### Transito - Switzerland

“Transito” is a NCTS-based Customs transit initiative, implemented at the (EU-external) border between Switzerland and Germany. The goal of its implementation is, that transit documents will no longer have to be issued at the border, as they will already have been issued before (inland), in order to speed up the transit procedure (and respective clearance times) at the border. When transit documents have already been issued beforehand, truck drivers are now able to use dedicated “transit lanes” and to remain in their vehicles (similar to a “drive-in” desk) while the necessary documentation handling (transit clearance for “import” and “export”) is carried out by both (Swiss and German) Customs services.

The first Transito site (see attached photos) has just recently (2013/14) been opened at the Swiss/German Border Crossing Point Basel/Weil am Rhein-Motorway. If a truck driver with an already issued and valid (NCTS) transit document approaches the border, he will first perform (EU-) transit “export” clearance with German Customs at the German “Transito” booth, and afterwards he will drive to the Swiss “Transito” booth (approx. 100 m further down the lane), where the Swiss transit “import” procedure takes place.

In the “old” system, truck drivers had to park their vehicles in all cases, in order to get their transit documents Customs-cleared by Swiss and German Customs in the stationary Customs office called the Transit Import- (respectively the Transit Export-) Building.

#### **Impact of initiatives/practices**

- Reduction of dangerous and economically costly traffic jams on the motorway
- Faster clearance of transit consignments (clearance time per truck in transit has dropped by 50 %!)
- Less parking space needed for trucks with transit consignments (they no longer need to park)
- Possibility of reallocation of available human resources (because fewer Customs staff are occupied with the issuing of transit documents at the border)

Transito - Switzerland



*Source : Switzerland Customs(submitted as an innovative practice for the ECP in 2013)*

## X. Coordinated Border Management

### 1. Coordinated Border Management

Transit operations inevitably involve various regulatory requirements imposed by government agencies other than Customs. Without cooperation and coordination between the relevant government agencies, transit goods are stacked up at the border.

Article 8 of the TFA requests all national border authorities/agencies to cooperate with each other and coordinate border control and procedures to facilitate trade. Such cooperation and coordination may include alignment of working days and hours, alignment of procedures and formalities, development and sharing of common facilities, joint controls and establishment of one stop border post control. Transitional Standard 3.35 in Chapter 3 of the RKC General Annex establishes the principle that the Customs inspection of goods should take place in coordination with the inspections performed by other competent authorities. The SAFE Framework of Standards takes the same approach as the TFA text.

The WCO has developed a new Coordinated Border Management (CBM) Compendium, aiming to help WCO Members in their attempts to develop and implement CBM in their countries by incorporating best practices identified in different areas of CBM. The Compendium provides comprehensive and detailed guidance on effective coordination at borders.

#### **Box 10. Coordinated Border Management – A New, Old Concept?**

Coordinated Border Management (CBM) refers to a coordinated approach by border control agencies, both domestic and international, in the context of seeking greater efficiencies in managing trade and travel flows, while maintaining a balance with compliance requirements. Over the years, variations of this term have surfaced across various forums. Thus, it is known as “Integrated Border Management” by the European Union, “Collaborative Border Management” by the World Bank and “Comprehensive Border Management” by the OSCE.

These terms all refer, essentially, to the adoption of a holistic approach involving all cross-border regulatory agencies, so that their regulatory functions are discharged in a coordinated manner.

In the WCO’s CBM Compendium, the term “Coordinated Border Management” was adopted in preference to the former name “Integrated Border Management”, due to the fact that “Integrated” seemed to presuppose structural and institutional integration, which potentially narrows the scope of the concept – the WCO believes that CBM is not just about integrating agencies operating at the border in the structural sense. It is much broader, in the sense that resources, functions, processes and legislations have to be mobilized around a shared vision of effective and efficient border management.

## 2. One-stop border post (OSBP)

There are many feasible options for managing transit operations in a coordinated manner. In the context of transit, and based on practices developed by WCO Members, this sub-chapter highlights the one-stop border post (OSBP).

Although OSBP is widely known as a "good practice" example of an effective coordination and cooperation mechanism for transit, there is no single definition of it. In general, the OSBP is managed by neighbouring countries and involves several government border agencies, including Customs and immigration. Box 11 describes the distinctive features of an OSBP.

### Box 11 Features of an OSBP

- offices of both states are relocated in close proximity, necessitating only 'one stop' for border crossings
- a control zone (or zones) is demarcated, within which officers from both states conduct controls in accordance with their respective laws
- the control zone comprises offices, inspection areas and related facilities and is usually located within the national territory of only one state
- immigration and import and export formalities are handled as a seamless transaction between the two countries
- inspections and searches of cargoes or vehicles are generally conducted in the presence of officers from both states.

*Source: Coordinated border management: unlocking trade opportunities through one-stop border posts, World Customs Journal Volume 4, Number 1 (Erich Kieck, 2010)*

The OSBP significantly reduces times and costs for crossing a border. Without the OSBP, transit operators must perform administrative procedures twice, i.e., at a border post on the exporting side and at the corresponding post on the importing side. The establishment of an OSBP eliminates unnecessary duplications of procedures at borders. Also, the fact of working side-by-side enhances cooperation among the relevant agencies and neighbouring countries. An OSBP may increase the efficiency of Customs control without causing any additional burden for transit operators.

An OSBP usually requires the establishment of juxtaposed offices at the border. In this regard, Transitional Standard 3.5 in RKC General Annex 3 states that "*Where the Customs intend to establish a new Customs office or to convert an existing one at a common border crossing, they shall, wherever possible, co-operate with the neighbouring Customs to establish a juxtaposed Customs office to facilitate joint controls*".

The establishment of juxtaposed national Customs control offices is generally provided for in bilateral agreements between adjoining States. For Customs, the advantages of juxtaposed national control offices are the following: more effective control of frontier traffic, mutual reduction of operating expenses and a better appreciation of each other's Customs priorities, all creating increased co-operation in both facilitation and control. However, still greater benefits could be obtained if single control were introduced on a more widespread basis in juxtaposed national control offices, at least for certain Customs operations, such as the control of goods in transit.

### 3. Members' Practices

#### Chirundu (Zambia/Zimbabwe) in Southern Africa

The Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC) decided in 2005 that they would pilot the OSBP concept at Chirundu on the North South Corridor border between Zimbabwe and Zambia. Implementation of the project began in earnest in 2007 and the OSBP began its operation in 2009.

Passengers cross the border in 15 minutes in passenger cars and less than an hour in buses. Final cargo clearance into Zambia, which used to average 3 days, now takes one day. At a fixed daily truck cost of US\$250-500, this represents a saving of US\$500-1,000. Therefore the impact on time and cost is significant. Efficiency is also demonstrated by the fact that the commercial terminal, which cleared 150 trucks a day when Chirundu OSBP opened, now clears 400 a day.

Chirundu is visited by delegations from around Africa that are involved in an OSBP implementation. In Southern Africa, OSBPs are based on agreements between countries supported by national legislation that grants extraterritorial jurisdiction and the right to host foreign officials in the OSBP control zone. Since many facilities are in good condition, modifying existing buildings and using the juxtaposed model is common.

#### **Determinants of Success**

Chirundu was initiated with a process of involving all the border agencies in designing the facility modifications and the operational procedures. Managers from the border posts and the transporters and customs clearance agents/freight forwarders were also involved. In this way, the design drew on the practices of all agencies in both countries. It opened all at once which meant that all the agencies went through the transition at the same time and made adjustments to each other. The procedures incorporate the clearance of all agencies and increasing use of computers for coordination purposes. Reduced times are a result of better physical organization of the facility, coordination between the two national services, pre-clearance when appropriate and enhanced use of risk management.

#### **Lesson Learned**

Building an atmosphere of cooperation between the officers of the two countries and encouraging a sense of problem-solving among them was important to a successful transition to OSBP operations. Planning for ICT infrastructure should have started sooner. The microwave installed a month before OSBP operations started was never strong enough and hampered operations by forcing the country doing exit to work manually and enter data later which was very inefficient. The software company hired did not have the skill necessary to build the system, which meant that this part of the plan was not completed before the project was started. On the other hand, the agencies were convinced of the need to implement coordinated border management and are proceeding to implement now.

*Source : Background Paper for High level Side Event at the 1<sup>st</sup> TICAD V Ministerial Meeting, (Japan International Cooperation Agency (JICA), 2014)*

## Malaba (Uganda/Kenya) in East Africa

An OSBP Act for the five Partner States of the East African Community (EAC: Burundi, Kenya, Rwanda, Tanzania and Uganda) establishes operating principles for the EAC Partner States. In addition to transforming most borders on major transport corridors to OSBP operation, the EAC is now operationalizing the single customs territory. The overall impact will foster greater intra-regional trade within the Community by minimizing cross border controls.

In East Africa, border facilities were generally built by individual agencies, making interagency coordination difficult. Many are old and inadequate to the rapidly growing traffic on the Community's corridors. As a result, new facilities are being designed and built for most of the 23 OSBPs being implemented.

The flagship project is Malaba on the Northern Corridor between Kenya and Uganda. OSBP operations have been introduced incrementally. At the beginning of 2012, the Malaba border post achieved a significant reduction in crossing time. Trucks loaded with goods that had been routinely taking over 48 hours dropped to less than six hours, and average border-crossing time dropped from 24 hours to 4 hours, resulting in total savings generated by the improvement of the situation amounting to approximately US\$ 70 million per year (World Bank, 2013).

### **Determinants of Success**

Malaba achieved the significant reduction by following soft component measures:

- 1) Joint operation across both border agencies enabled by EAC law;
- 2) verification of cargo (where necessary) is conducted by all agencies of both countries at the same time;
- 3) Interconnections of both customs IT systems that allows preparing the documentation process prior to the arrival of the trucks; and
- 4) Streamlined flow of trucks.

All of this was done before the construction of OSBP facilities.

### **Lessons Learned**

Malaba border post achieved reductions of time before construction was completed, through various efforts of soft infrastructure development. This case study has implications for large efficiency gains through soft infrastructure development. Each case should be carefully studied in order to determine the optimum mix of solutions to achieve maximum impact.

*Source : Background Paper for High level Side Event at the 1<sup>st</sup> TICAD V Ministerial Meeting, (Japan International Cooperation Agency (JICA), 2014)*

## Juxtaposed office in the country of import: Swiss-French border

Being a landlocked country, Switzerland has established juxtaposed offices or the like at its land borders for over four decades. Switzerland concluded bilateral intergovernmental conventions and bilateral agreements with the administrations of the neighbouring countries to comply with the principle of extraterritoriality in order for the officers of a country to work to their full capacity at the juxtaposed office on the territory of the other state.

For instance, the bilateral convention of 1960 between Switzerland and France (Convention 1960, RS 0.631.252.934.95) provides a legal basis to establish a juxtaposed office. Article 1 of the Convention states that the FCA officers shall be authorised to perform their duties on the French territory, and the French customs officers shall be authorised to perform their duties on the Swiss territory, reciprocally. In accordance with Article 1 of the Convention, the juxtaposed office in the Geneva area was established by an exchange of diplomatic notes in 1996 (Echange de lettres 1996, RS 0.631.252.934.952.3). Commercial and transit goods, but not passenger traffic, are processed at the juxtaposed office in the country of entry, where the Swiss Customs office and the French Customs office are located side by side.

For example, drivers of commercial trucks from France submit export declarations and related documents to the French Customs office of the juxtaposed office on the territory of Switzerland. After finishing the export customs procedures, they walk to the Swiss Customs office in the same building for import customs procedures. Where any inspection, such as X-ray inspection, is needed, only one inspection is undertaken, normally by the importing Customs.

*Source: Coordinated border management: from theory to practice, World Customs Journal Volume 5, Number 2 (Mariya Polner, 2011)*

## XI. Performance measurement

### 1. Time Release Study

According to the WCO Development Compendium, the term “performance measurement” usually refers to the continuous gathering of data from specific functional areas. It concerns the on-going monitoring and reporting of a Customs administration’s progress towards reaching its organizational goal. In the context of transit, performance measurement is useful for demonstrating the effectiveness of transit operations and identifying bottlenecks preventing the smooth movement of transit cargoes.

The TFA encourages Members to measure and publish their average release times. The WCO Time Release Study (TRS) is referred to explicitly in the TFA. The TRS is a unique tool and method for measuring the actual performance of Customs activities as they relate directly to trade facilitation at the border.

#### **Box 12. Establishment and Publication of Average Release Times (TFA)**

6.1 Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, *inter alia*, the Time Release Study of the World Customs Organization (referred to in this Agreement as the "WCO").\*

6.2 Members are encouraged to share with the Committee their experiences in measuring average release times, including methodologies used, bottlenecks identified, and any resulting effects on efficiency.

\* Each Member may determine the scope and methodology of such average release time measurement in accordance with its needs and capacity.

The TRS thereby measures relevant aspects of the effectiveness of operational procedures that are carried out by Customs and other regulatory actors in the standard processing of imports, exports and in-transit movements. It seeks to accurately measure these elements of trade flows, so that related decisions aimed at improving performance can be well-conceived and therefore successfully carried out.

The third chapter of the TRS Guide identifies five key objectives of TRS, which are (a) identifying bottlenecks in the international supply chain and/or constraints affecting Customs release, (b) assessing newly introduced and modified techniques, procedures, technologies and infrastructure, or administrative changes, (c) establishing baseline trade facilitation performance measurement, (d) identifying opportunities for trade facilitation improvements, and (e) estimating the country’s approximate comparative position as a benchmark tool.

The TRS Guide sets out three phases of study and shows the necessary actions to be taken in each phase.

### **Box 13. Three phases of TRS**

#### Phase 1 – Preparation of the Study

- Establishment of a Working Group
- Determination of Scope and Design of the Study
- Planning and Methodology
- Detailed Drawing Plan
- Sampling
- Form
- Simplified Form
- Test-Run

#### Phase 2 - Collection and Recording of Data

#### Phase 3 - Analysis of the Data and Conclusions

- Verification of Data
- Analysis of Data
- Final Report
- Press Release
- Proposals for Changes
- Continuous Improvement

## **2. Performance Indicators**

The WCO Development Compendium defines a performance indicator as the relevant measure of a critical component relating to the performance of a Customs core function, expressed as a percentage, index, rate or other tangible or evidence-based comparison, which is monitored at regular intervals. The WCO has developed performance indicators concerning the implementation of the TFA. The main objective of these indicators is to encourage WCO Members to conduct a quick self-assessment to check their preparedness for implementation of the TFA. The indicators for Article 11 of the TFA are set out in the box below.

### **Box 14. Performance indicators for quick self-assessment**

#### **Yes/No Question**

Do you have transit procedures which allow the movement of goods within your Customs territory without requiring the payment of duties?

#### **Quantitative indicators**

No. of transit entry declarations per year.

There are many performance indicators, developed by international organizations or regional cooperation bodies. One notable indicator regarding transit operations is Corridor Performance Measurement and Monitoring (CPMM), which has been used to evaluate trade flows in the Central Asia Regional Economic Cooperation (CAREC). CPMM supports policy reforms to improve transport links and facilitate trade between CAREC's ten countries. It identifies bottlenecks, unofficial costs and other impediments to the smooth flow of goods.

CPMM provides four trade facilitation indicators (TFIs) which are (1) Time to Clear a Border Crossing (hours), (2) Costs incurred at a border crossing clearance, (3) Costs incurred to travel a corridor section and (4) Average Travelling Speed. CAREC has produced a CPMM Annual Report to observe trends, and CPMM continues to provide policy makers and the private sector with critical information on the causes of delays and unnecessary costs of moving goods along the six CAREC corridors.

Furthermore, the OECD has developed Trade Facilitation Indicators (TFIs) based on 16 indicators and 98 variables. The OECD draws the value of its variables from publically available data, with facts checked with the government concerned. The TFIs includes 4 indicators focusing on transit operations.

### Box 15. TFI - Transit-specific Indicators

#### Indicator (M) - Transit fees and charges

Availability of information on transit fees and charges	(0) Information on transit fees and charges is not published (1) Information is available in paper publications (2) Information is displayed on the customs website
Prior publication of transit fees and charges	(0) There is no prior publication of changes to fees and charges (1) Information on changes is published in advance (2) Information on changes is published in advance on the customs website
Periodic review of fees and charges and adaptation to changed circumstances	(0) There is no periodic review of fees and charges (1) Fees and charges are reviewed periodically (at least biennially) (2) Fees and charges are reviewed periodically (annually or more frequently)
Evaluation of transit fees and charges	(0) Transit fees and charges are calculated on an ad-valorem basis (2) Transit fees and charges are not calculated on an ad-valorem basis

#### Indicator (N) – Transit Formalities

Information on transit formalities and documentation	(0) There is insufficient information published on procedures, required forms and documents to make a shipment (1) There is sufficient information published (2) There are summary guides and/or specific highlights on these topics
Periodic review and adaptation to changed circumstances	(0) There are no periodic reviews of documents and procedures (1) Documents and procedures are reviewed periodically (at least biennially) (2) Documents and procedures are reviewed and adapted to changed circumstances (annually or more frequently)
There are physically separate border-crossing facilities/infrastructures for transit	(0) There are no physically separate border crossing facilities (1) There are physically separate border crossing facilities at large transit entry points (2) There are physically separate transit facilities at all entry points where trade transits
Limited physical inspections of goods and use of risk assessment	(0) Transit trade goods are subject to frequent (>10%) physical inspections, risk based system is not used or used on a limited basis (1) Transit trade goods are evaluated using risk assessment to

Quality controls or technical standards applied	<p>reduce physical inspections of goods</p> <p>(2) Transit trade goods are rarely inspected due to a risk assessment model</p> <p>(0) Quality controls and technical standards are applied as for entry into the domestic economy (i.e. transit not treated differently than imports)</p> <p>(1) Quality controls and technical standards are applied only to hazardous materials and high risk cargoes</p> <p>(2) Quality controls and technical standards are not applied to transit trade</p>
Pre-arrival processing for transit trade	<p>(0) Pre-arrival processing of documents for transit trade is not supported</p> <p>(1) Pre-arrival processing for transit is supported for some importers/goods/entry points/modes of transport</p> <p>(2) Pre-arrival processing is supported for all transit goods and entry points</p>
Establishment of single window for transit trade	<p>(0) There is no single window for transit trade</p> <p>(1) Some points of entry provide a single window for transit trade</p> <p>(2) All transit trade can be submitted to a single window</p>

#### Indicator – Transit Guarantees

Multiple forms of guarantees accepted (bonds, refund, and guarantee)	<p>(0) No guarantees or bonds are accepted (only payments of charges with refund)</p> <p>(1) At least one form of non-monetary guarantee is accepted (bonds, guarantee, suspension)</p> <p>(2) More than one form of guarantee is accepted</p>
Guarantees are limited to the value of duties and charges	<p>(0) Guarantees are not limited to the amount of duties and charges</p> <p>(2) Guarantees are limited to the amount of duties and charges</p>
Guarantees supported by regional or international agreements	<p>(0) Transit guarantees are not supported by regional or international agreements</p> <p>(2) Transit guarantees are supported by regional or international agreements</p>
Prompt and full release of the guarantee	Average number of days required for full release of guarantees
Use of Customs convoys	<p>(0) Convoys are used without limits</p> <p>(1) Convoys are only employed for high risk goods</p> <p>(2) Convoys are seldom employed</p>

#### Indicator – Transit Agreements and Cooperation

Bilateral or regional agreements	<p>(0) No bilateral or regional transit agreements</p> <p>(1) At least one bilateral or regional agreement</p> <p>(2) More than half of transit trade is under bilateral or regional agreements</p>
Agreements on common simplified documents	<p>(0) No agreements on common or simplified documents</p> <p>(2) At least one agreement on common or simplified documents</p>
Transit Cooperation	<p>(0) There is no cooperation between the agencies of countries involved in transit</p> <p>(1) Limited cooperation on formalities and legal requirements</p> <p>(2) Cooperation on formalities, legal requirements and the practical operation of transit regimes</p>

### 3. Members' Practices

#### Time Release Study in the East African Community

A Time Release Study was carried out in a Northern corridor of the East African Community (EAC). It was based on a regional need to measure the performance of an international corridor. EAC Members undertook the TRS in part of a Northern corridor from Mombasa sea port in Kenya to an inland Customs office in Kampala, Uganda, with technical support from the WCO, based on the WCO TRS Guide. They found bottlenecks in the smooth movement of cargoes, such as the lodgment of the Customs declaration, infrastructure, system interfaces and the business hours of government agencies, and agreed recommendations to improve these aspects.

Based on the results of the pilot TRS, in March 2014 the EAC Secretariat, along with all the EAC Member States and with the support of the WCO, launched an international TRS in the Central corridor from Dares-Salaam (Tanzania) to Kigali (Rwanda) and Bujumbura (Burundi).

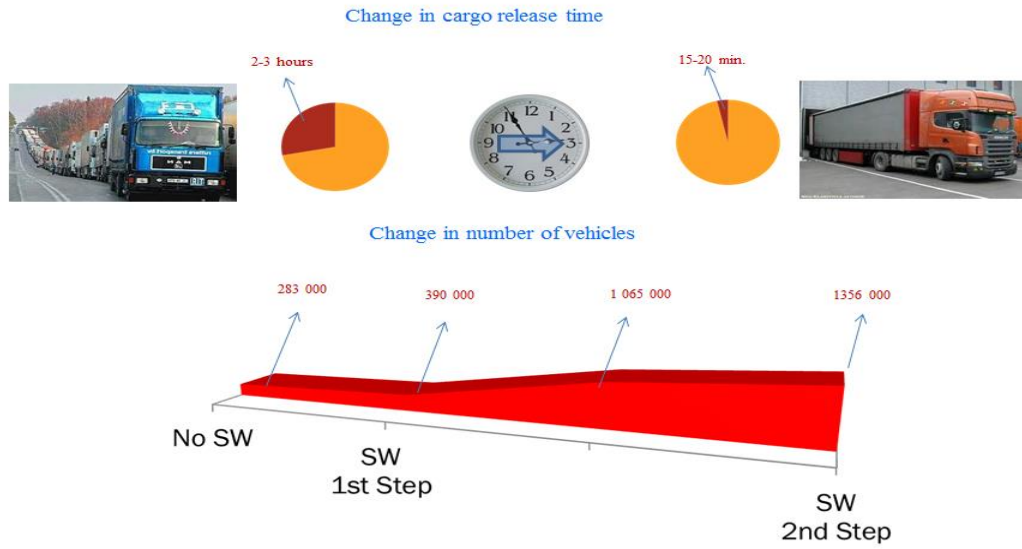
*Source: WCO*

#### Single Automated Management System and Target Centre - Customs Service of Azerbaijan

Deployed in 2009 by the State Customs Committee of the Republic of Azerbaijan, the Single Automated Management System of the Customs Service (SAMS) is an integrated tool for customs management. As a complement to Customs reforms, SAMS is an integral part of Customs modernization and stands at the core of customs business process. It comprises various modules and covers all stakeholders including government agencies, importers, exporters, freight forwarders, carriers, customs brokers, terminal operators, banks, and international agencies active in customs operations.

In order to facilitate transit and ensure security, the Customs Service of Azerbaijan has also launched a new project on "Time Release Study". This project is being currently implemented successfully based on new model.

*Project "Single Window"*  
*Measuring Trade Facilitation Performance in road transport*



Source : Azerbaijan Customs (August 2014)

## Annex I WTO Trade Facilitation Agreement

### ARTICLE 11: FREEDOM OF TRANSIT

1. Any regulations or formalities in connection with traffic in transit imposed by a Member shall not be:
  - (a) maintained if the circumstances or objectives giving rise to their adoption no longer exist or if the changed circumstances or objectives can be addressed in a reasonably available less trade-restrictive manner;
  - (b) applied in a manner that would constitute a disguised restriction on traffic in transit.
2. Traffic in transit shall not be conditioned upon collection of any fees or charges imposed in respect of transit, except the charges for transportation or those commensurate with administrative expenses entailed by transit or with the cost of services rendered.
3. Members shall not seek, take, or maintain any voluntary restraints or any other similar measures on traffic in transit. This is without prejudice to existing and future national regulations, bilateral or multilateral arrangements related to regulating transport, consistent with WTO rules.
4. Each Member shall accord to products which will be in transit through the territory of any other Member treatment no less favourable than that which would be accorded to such products if they were being transported from their place of origin to their destination without going through the territory of such other Member.
5. Members are encouraged to make available, where practicable, physically separate infrastructure (such as lanes, berths and similar) for traffic in transit.
6. Formalities, documentation requirements, and customs controls in connection with traffic in transit shall not be more burdensome than necessary to:
  - (a) identify the goods; and
  - (b) ensure fulfilment of transit requirements.
7. Once goods have been put under a transit procedure and have been authorized to proceed from the point of origination in a Member's territory, they will not be subject to any customs charges nor unnecessary delays or restrictions until they conclude their transit at the point of destination within the Member's territory.
8. Members shall not apply technical regulations and conformity assessment procedures within the meaning of the Agreement on Technical Barriers to Trade to goods in transit.
9. Members shall allow and provide for advance filing and processing of transit documentation and data prior to the arrival of goods.
10. Once traffic in transit has reached the customs office where it exits the territory of a Member, that office shall promptly terminate the transit operation if transit requirements have been met.

11. Where a Member requires a guarantee in the form of a surety, deposit or other appropriate monetary or non-monetary<sup>10</sup> instrument for traffic in transit, such guarantee shall be limited to ensuring that requirements arising from such traffic in transit are fulfilled.

12. Once the Member has determined that its transit requirements have been satisfied, the guarantee shall be discharged without delay.

13. Each Member shall, in a manner consistent with its laws and regulations, allow comprehensive guarantees which include multiple transactions for same operators or renewal of guarantees without discharge for subsequent consignments.

14. Each Member shall make publicly available the relevant information it uses to set the guarantee, including single transaction and, where applicable, multiple transaction guarantee.

15. Each Member may require the use of customs convoys or customs escorts for traffic in transit only in circumstances presenting high risks or when compliance with customs laws and regulations cannot be ensured through the use of guarantees. General rules applicable to customs convoys or customs escorts shall be published in accordance with Article 1.

16. Members shall endeavour to cooperate and coordinate with one another with a view to enhancing freedom of transit. Such cooperation and coordination may include, but is not limited to, an understanding on:

(a) charges;

(b) formalities and legal requirements; and

(c) the practical operation of transit regimes.

17. Each Member shall endeavour to appoint a national transit coordinator to which all enquiries and proposals by other Members relating to the good functioning of transit operations can be addressed.

---

<sup>10</sup> Nothing in this provision shall preclude a Member from maintaining existing procedures whereby the means of transport can be used as a guarantee for traffic in transit.

## Annex II Revised Kyoto Convention

### General Annex CHAPTER 5 SECURITY

#### **5.1. Standard**

National legislation shall enumerate the cases in which security is required and shall specify the forms in which security is to be provided.

#### **5.2. Standard**

The Customs shall determine the amount of security.

#### **5.3. Standard**

Any person required to provide security shall be allowed to choose any form of security provided that it is acceptable to the Customs.

#### **5.4. Standard**

Where national legislation provides, the Customs shall not require security when they are satisfied that an obligation to the Customs will be fulfilled.

#### **5.5. Standard**

When security is required to ensure that the obligations arising from a Customs procedure will be fulfilled, the Customs shall accept a general security, in particular from declarants who regularly declare goods at different offices in the Customs territory.

#### **5.6. Standard**

Where security is required, the amount of security to be provided shall be as low as possible and, in respect of the payment of duties and taxes, shall not exceed the amount potentially chargeable.

#### **5.7. Standard**

Where security has been furnished, it shall be discharged as soon as possible after the Customs are satisfied that the obligations under which the security was required have been duly fulfilled.

## **Specific Annex E Chapter 1 Customs transit Definitions**

For the purposes of this Chapter :

**"authorized consignee"** means a person empowered by the Customs to receive goods directly at his premises without having to present them at the office of destination;

**"authorized consignor"** means a person empowered by the Customs to send goods directly from his premises without having to present them at the office of departure;

**"control office"** means the Customs office responsible for one or more "authorized consignors" or "authorized consignees" and, in this respect, performing a special control function for all Customs transit operations;

**"Customs transit"** means the Customs procedure under which goods are transported under Customs control from one Customs office to another;

**"Customs transit operation"** means the transport of goods from an office of departure to an office of destination under Customs transit;

**"office of departure"** means any Customs office at which a Customs transit operation commences;

**"transport-unit"** means :

- containers having an internal volume of one-cubic metre or more, including demountable bodies;
- road vehicles, including trailers and semi-trailers;
- railway coaches or wagons;
- lighters, barges and other vessels; and
- aircraft.

### **Principle**

#### **1. Standard**

Customs transit shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.

### **Field of application**

#### **2. Standard**

The Customs shall allow goods to be transported under Customs transit in their territory :

- from an office of entry to an office of exit;
- from an office of entry to an inland Customs office;
- from an inland Customs office to an office of exit; and
- from one inland Customs office to another inland Customs office.

#### **3. Standard**

Goods being carried under Customs transit shall not be subject to the payment of duties and taxes, provided the conditions laid down by the Customs are complied with and that any security required has been furnished.

#### **4. Standard**

National legislation shall specify the persons who shall be responsible to the Customs for compliance with the obligations incurred under Customs transit, in particular for ensuring that the goods are produced intact at the office of destination in accordance with the conditions imposed by the Customs.

#### **5. Recommended Practice**

The Customs should approve persons as authorized consignors and authorized consignees when they are satisfied that the prescribed conditions laid down by the Customs are met.

### **Formalities at the office of departure**

(a) Goods declaration for Customs transit

#### **6. Standard**

Any commercial or transport document setting out clearly the necessary particulars shall be accepted as the descriptive part of the Goods declaration for Customs transit and this acceptance shall be noted on the document.

#### **7. Recommended Practice**

The Customs should accept as the Goods declaration for Customs transit any commercial or transport document for the consignment concerned which meets all the Customs requirements. This acceptance should be noted on the document.

(b) Sealing and identification of consignments

#### **8. Standard**

The Customs at the office of departure shall take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference.

#### **9. Recommended Practice**

Subject to the provisions of other international conventions, the Customs should not generally require that transport -units be approved in advance for the transport of goods under Customs seal.

#### **10. Standard**

When a consignment is conveyed in a transport-unit and Customs sealing is required, the Customs seals shall be affixed to the transport-unit itself provided that the transport-unit is so constructed and equipped that :

- Customs seals can be simply and effectively affixed to it;
- no goods can be removed from or introduced into the sealed part of the transport-unit without leaving visible traces of tampering or without breaking the Customs seal;
- it contains no concealed spaces where goods may be hidden; and
- all spaces capable of holding goods are readily accessible for Customs inspection.

The Customs shall decide whether transport-units are secure for the purposes of Customs transit.

#### **11. Recommended Practice**

Where the accompanying documents make it possible unequivocally to identify the goods, the latter should generally be transported without a Customs seal or fastening. However, a Customs seal or fastening may be required :

- where the Customs office of departure considers it necessary in the light of risk management;
- where the Customs transit operation will be facilitated as a whole; or
- where an international agreement so provides.

## **12. Standard**

If a consignment is, in principle, to be conveyed under Customs seal and the transport-unit cannot be effectively sealed, identification shall be assured and unauthorized interference rendered readily detectable by :

- full examination of the goods and recording the results thereof on the transit document;
- affixing Customs seals or fastenings to individual packages;
- a precise description of the goods by reference to samples, plans, sketches, photographs, or similar means, to be attached to the transit document;
- stipulation of a strict routing and strict time limits; or
- Customs escort.

The decision to waive sealing of the transport-unit shall, however, be the prerogative of the Customs alone.

## **13. Standard**

When the Customs fix a time limit for Customs transit, it shall be sufficient for the purposes of the transit operation.

## **14. Recommended Practice**

At the request of the person concerned, and for reasons deemed valid by the Customs, the latter should extend any period initially fixed.

## **15. Standard**

Only when they consider such a measure to be indispensable shall the Customs :

- (a) require goods to follow a prescribed itinerary; or
- (b) require goods to be transported under Customs escort.

## **Customs seals**

## **16. Standard**

Customs seals and fastenings used in the application of Customs transit shall fulfil the minimum requirements laid down in the Appendix to this Chapter.

## **17. Recommended Practice**

Customs seals and identification marks affixed by foreign Customs should be accepted for the purposes of the Customs transit operation unless :

- they are considered not to be sufficient;
- they are not secure; or
- the Customs proceed to an examination of the goods.

When foreign Customs seals and fastenings have been accepted in a Customs territory, they should be afforded the same legal protection in that territory as national seals and fastenings.

## **18. Recommended Practice**

Where the Customs offices concerned check the Customs seals and fastenings or examine the goods, they should record the results on the transit document.

## **Formalities en route**

## **19. Standard**

A change in the office of destination shall be accepted without prior notification except where the Customs have specified that prior approval is necessary.

## **20. Standard**

Transfer of the goods from one means of transport to another shall be allowed without

Customs authorization, provided that any Customs seals or fastenings are not broken or interfered with.

**21. Recommended Practice**

The Customs should allow goods to be transported under Customs transit in a transport-unit carrying other goods at the same time, provided that they are satisfied that the goods under Customs transit can be identified and the other Customs requirements will be met.

**22. Recommended Practice**

The Customs should require the person concerned to report accidents or other unforeseen events directly affecting the Customs transit operation promptly to the nearest Customs office or other competent authorities.

**Termination of Customs transit**

**23. Standard**

National legislation shall not, in respect of the termination of a Customs transit operation, require more than that the goods and the relevant Goods declaration be presented at the office of destination within any time limit fixed, without the goods having undergone any change and without having been used, and with Customs seals, fastenings or identification marks intact.

**24. Standard**

As soon as the goods are under its control, the office of destination shall arrange without delay for the termination of the Customs transit operation after having satisfied itself that all conditions have been met.

**25. Recommended Practice**

Failure to follow a prescribed itinerary or to comply with a prescribed time limit should not entail the collection of any duties and taxes potentially chargeable, provided the Customs are satisfied that all other requirements have been met.

**International agreements relating to Customs transit**

**26. Recommended Practice**

Contracting Parties should give careful consideration to the possibility of acceding to international instruments relating to Customs transit. When they are not in a position to accede to such international instruments they should, when drawing up bilateral or multilateral agreements with a view to setting up an international Customs transit procedure, take account therein of Standards and Recommended Practices in the present Chapter.

## Annex III TIR Convention

BODY OF THE TIR CONVENTION, 1975

*(Unofficial consolidated version as of 10 October 2013 )*

*(A complete version of the TIR Convention, 1975, including its Annexes, is contained in the TIR handbook that can be downloaded from the UNECE website at [tir.unece.org](http://tir.unece.org))*

### **CUSTOMS CONVENTION ON THE INTERNATIONAL TRANSPORT OF GOODS UNDER COVER OF TIR CARNETS (TIR CONVENTION, 1975)**

THE CONTRACTING PARTIES,

DESIRING to facilitate the international carriage of goods by road vehicle,

CONSIDERING that the improvement of the conditions of transport constitutes one of the factors essential to the development of co-operation among them,

DECLARING themselves in favour of a simplification and a harmonization of administrative formalities in the field of international transport, in particular at frontiers,

HAVE AGREED as follows:

#### Chapter I

#### GENERAL

#### (a) DEFINITIONS

##### Article 1

For the purposes of this Convention:

- (a) The term "TIR transport" shall mean the transport of goods from a Customs office of departure to a Customs office of destination under the procedure, called the TIR procedure, laid down in this Convention;
- (b) the term "TIR operation" shall mean the part of a TIR transport that is carried out in a Contracting Party from a Customs office of departure or entry (en route) to a Customs office of destination or exit (en route);
- (c) the term "start of a TIR operation" shall mean that the road vehicle, the combination of vehicles or the container have been presented for purposes of control to the Customs office of departure or entry (en route) together with the load and the TIR Carnet relating thereto and that the TIR Carnet has been accepted by the Customs office;

- (d) the term "termination of a TIR operation" shall mean that the road vehicle, the combination of vehicles or the container have been presented for purposes of control to the Customs office of destination or of exit (en route) together with the load and the TIR Carnet relating thereto;
- (e) the term "discharge of a TIR operation" shall mean the recognition by Customs authorities that the TIR operation has been terminated correctly in a Contracting Party. This is established by the Customs authorities on the basis of a comparison of the data or information available at the Customs office of destination or exit (en route) and that available at the Customs office of departure or entry (en route);
- (f) the term "import or export duties and taxes" shall mean Customs duties and all other duties, taxes, fees and other charges which are collected on, or in connection with, the import or export of goods, but not including fees and charges limited in amount to the approximate cost of services rendered;
- (g) the term "road vehicle" shall mean not only any power-driven road vehicle but also any trailer or semi-trailer designed to be coupled thereto;
- (h) the term "combination of vehicles" shall mean coupled vehicles which travel on the road as a unit;
- (j) the term "container" shall mean an article of transport equipment (lift-van, movable tank or other similar structure):
  - (i) fully or partially enclosed to constitute a compartment intended for containing goods,
  - (ii) of a permanent character and accordingly strong enough to be suitable for repeated use,
  - (iii) specially designed to facilitate the transport of goods by one or more modes of transport without intermediate reloading,
  - (iv) designed for ready handling, particularly when being transferred from one mode of transport to another,
  - (v) designed to be easy to fill and to empty, and
  - (vi) having an internal volume of one cubic metre or more,

"demountable bodies" are to be treated as containers;
- (k) the term "Customs office of departure" shall mean any Customs office of a Contracting Party where the TIR transport of a load or part load of goods begins;
- (l) the term "Customs office of destination" shall mean any Customs office of a Contracting Party where the TIR transport of a load or part load of goods ends;

- (m) the term "Customs office en route" shall mean any Customs office of a Contracting Party through which a road vehicle, combination of vehicles or container enters or leaves this Contracting Party in the course of a TIR transport;
- (n) the term "person" shall mean both natural and legal persons;
- (o) the term "holder" of a TIR Carnet shall mean the person to whom a TIR Carnet has been issued in accordance with the relevant provisions of the Convention and on whose behalf a Customs declaration has been made in the form of a TIR Carnet indicating a wish to place goods under the TIR procedure at the Customs office of departure. He shall be responsible for presentation of the road vehicle, the combination of vehicles or the container together with the load and the TIR Carnet relating thereto at the Customs office of departure, the Customs office en route and the Customs office of destination and for due observance of the other relevant provisions of the Convention;
- (p) the term "heavy or bulky goods" shall mean any heavy or bulky object which because of its weight, size or nature is not normally carried in a closed road vehicle or closed container;
- (q) the term "guaranteeing association" shall mean an association authorized by the Customs authorities of a Contracting Party to act as guarantor for persons using the TIR procedure.
- (r) the term "international organization" shall mean an organization authorized by the Administrative Committee to take on responsibility for the effective organization and functioning of an international guarantee system.

## (b) SCOPE

### Article 2

This Convention shall apply to the transport of goods without intermediate reloading, in road vehicles, combinations of vehicles or in containers, across one or more frontiers between a Customs office of departure of one Contracting Party and a Customs office of destination of another or of the same Contracting Party, provided that some portion of the journey between the beginning and the end of the TIR transport is made by road.

### Article 3

For the provisions of this Convention to become applicable:

- (a) the transport operation must be performed
  - (i) by means of road vehicles, combinations of vehicles or containers previously approved under the conditions set forth in Chapter III (a), or
  - (ii) by means of other road vehicles, other combinations of vehicles or other containers under the conditions set forth in Chapter III (c), or

(iii) by road vehicles or special vehicles such as buses, cranes, sweepers, concrete-laying machines, etc. exported and therefore themselves considered as goods travelling by their own means from a Customs office of departure to a Customs office of destination under the conditions set forth in Chapter III (c). In case such vehicles are carrying other goods, the conditions as referred to under (i) or (ii) above shall apply accordingly;

(b) the transport operations must be guaranteed by associations approved in accordance with the provisions of Article 6 and must be performed under cover of a TIR Carnet, which shall conform to the model reproduced in Annex 1 to this Convention.

### (c) PRINCIPLES

#### Article 4

Goods carried under the TIR procedure shall not be subjected to the payment or deposit of import or export duties and taxes at Customs offices en route.

#### Article 5

1. Goods carried under the TIR procedure in sealed road vehicles, combinations of vehicles or containers shall not as a general rule be subjected to examination at Customs offices en route.

2. However, to prevent abuses, Customs authorities may in exceptional cases, and particularly when irregularity is suspected, carry out an examination of the goods at such offices.

## Chapter II

### ISSUE OF TIR CARNETS

#### LIABILITY OF GUARANTEEING ASSOCIATIONS

#### Article 6

1. Each Contracting Party may authorize associations to issue TIR Carnets, either directly or through corresponding associations, and to act as guarantors, as long as the minimum conditions and requirements, as laid down in Annex 9, Part I, are complied with. The authorization shall be revoked if the minimum conditions and requirements contained in Annex 9, Part I are no longer fulfilled.

2. An association shall not be approved in any country unless its guarantee also covers the liabilities incurred in that country in connection with operations under cover of TIR

Carnets issued by foreign associations affiliated to the same international organization as that to which it is itself affiliated.

2 bis An international organization shall be authorized by the Administrative Committee to take on responsibility for the effective organization and functioning of an international guarantee system. The authorization shall be granted as long as the organization fulfils the conditions and requirements laid down in Annex 9, Part III. The Administrative Committee may revoke the authorization if these conditions and requirements are no longer fulfilled.

3. An association shall issue TIR Carnets only to persons, whose access to the TIR procedure has not been refused by the competent authorities of Contracting Parties in which the person is resident or established.

. Authorization for access to the TIR procedure shall be granted only to persons who fulfil the minimum conditions and requirements laid down in Annex 9, Part II to this Convention. Without prejudice to Article 38, the authorization shall be revoked if the fulfilment of these criteria is no longer ensured.

5. Authorization for access to the TIR procedure shall be granted according to the procedure laid down in Annex 9, Part II to this Convention.

#### Article 7

TIR Carnet forms sent to the guaranteeing associations by the corresponding foreign associations or by international organizations shall not be liable to import and export duties and taxes and shall be free of import and export prohibitions and restrictions.

#### Article 8

1. The guaranteeing association shall undertake to pay up to the maximum of the guaranteed amount of the import and export duties and taxes together with any default interest due under the Customs laws and regulations of the Contracting Party in which an irregularity leading up to a claim against the guaranteeing association has been established in connection with a TIR operation. It shall be liable, jointly and severally with the persons from whom the sums mentioned above are due, for payment of such sums.

2. In cases where the laws and regulations of a Contracting Party do not provide for payment of import or export duties and taxes as provided for in paragraph 1 above, the guaranteeing association shall undertake to pay, under the same conditions, a sum equal to the amount of the import or export duties and taxes and any default interest.

3. Each Contracting Party shall determine the maximum sum per TIR Carnet, which may be claimed from the guaranteeing association on the basis of the provisions of paragraphs 1 and 2 above.

4. The liability of the guaranteeing association to the authorities of the country where the Customs office of departure is situated shall commence at the time when the TIR Carnet is accepted by the Customs office. In the succeeding countries through which goods are

transported under the TIR procedure, this liability shall commence at the time when the goods enter these countries or, where the TIR transport has been suspended under Article 26, paragraphs 1 and 2, at the time when the TIR Carnet is accepted by the Customs office where the TIR transport is resumed.

5. The liability of the guaranteeing association shall cover not only the goods which are enumerated in the TIR Carnet but also any goods which, though not enumerated therein, may be contained in the sealed section of the road vehicle or in the sealed container. It shall not extend to any other goods.

6. For the purpose of determining the duties and taxes mentioned in paragraphs 1 and 2 of this Article, the particulars of the goods as entered in the TIR Carnet shall, in the absence of evidence to the contrary, be assumed to be correct.

#### Article 9

1. The guaranteeing association shall fix the period of validity of the TIR Carnet by specifying a final date of validity after which the Carnet may not be presented for acceptance at the Customs office of departure.

2. Provided that it has been accepted by the Customs office of departure on or before the final date of validity, as provided for in paragraph 1 of this Article, the Carnet shall remain valid until the termination of the TIR operation at the Customs office of destination.

#### Article 10

1. Discharge of a TIR operation has to take place without delay.

2. When the Customs authorities of a Contracting Party have discharged a TIR operation they can no longer claim from the guaranteeing association payment of the sums mentioned in Article 8, paragraphs 1 and 2, unless the certificate of termination of the TIR operation was obtained in an improper or fraudulent manner or no termination has taken place.

#### Article 11

1. Where a TIR operation has not been discharged, the competent authorities shall:

(a) notify the TIR Carnet holder at his address indicated in the TIR Carnet of the non-discharge;

(b) notify the guaranteeing association of the non-discharge.

The competent authorities shall notify the guaranteeing association with a maximum period of one year from the date of acceptance of the TIR Carnet by those authorities or two years when the certificate of termination of the TIR operation was falsified or obtained in an improper or fraudulent manner.

2. Where the payment of the sums mentioned in Article 8, paragraphs 1 and 2 becomes due, the competent authorities shall, so far as possible, require payment from the person or

persons directly liable for such payment before making a claim against the guaranteeing association.

3. The claim for payment of the sums referred to in Article 8, paragraphs 1 and 2 shall be made against the guaranteeing association at the earliest three months after the date on which the association was notified that the operation had not been discharged or that the certificate of termination of the TIR operation had been falsified or obtained in an improper or fraudulent manner and not more than two years after that date. However, in cases of TIR operations which, during the above-mentioned period of two years, become the subject of administrative or legal proceedings concerning the payment obligation of the person or persons referred to in paragraph 2 of this Article, any claim for payment shall be made within one year of the date on which the decision of the court becomes enforceable.

4. The guaranteeing association shall pay the amounts claimed within a period of three months from the date when a claim for payment is made against it.

5. The sums paid shall be reimbursed to the guaranteeing association if, within a two year period following the date on which the claim for payment was made against it, it has been established to the satisfaction of the competent authorities that no irregularity was committed in connection with the TIR operation in question. The two year time limit may be extended in accordance with national legislation.

### Chapter III

#### TRANSPORT OF GOODS UNDER TIR CARNET

##### (a) APPROVAL OF VEHICLES AND CONTAINERS

###### Article 12

In order to fall within the provisions of sections (a) and (b) of this Chapter, every road vehicle must as regards its construction and equipment fulfil the conditions set out in Annex 2 to this Convention and must have been approved according to the procedure laid down in Annex 3 to this Convention. The Certificate of Approval shall conform to the specimen reproduced in Annex 4.

###### Article 13

1. To fall within the provisions of sections (a) and (b) of this Chapter, containers must be constructed in conformity with the conditions laid down in Part I of Annex 7 and must have been approved according to the procedure laid down in Part II of that Annex.

2. Containers approved for the transport of goods under Customs seal in accordance with the Customs Convention on Containers, 1956, the agreements arising there from concluded under the auspices of the United Nations, the Customs Convention on Containers, 1972 or any international instruments that may supersede or modify the latter Convention, shall be considered as complying with the provisions of paragraph 1 above and must be accepted for transport under the TIR procedure without further approval.

#### Article 14

1. Each Contracting Party reserves the right to refuse to recognize the validity of the approval of road vehicles or containers which do not meet the conditions set forth in Articles 12 and 13 above. Nevertheless, Contracting Parties shall avoid delaying traffic when the defects found are of minor importance and do not involve any risk of smuggling.
2. Before it is used again for the transport of goods under Customs seal, any road vehicle or container which no longer meets the conditions which justified its approval, shall be either restored to its original state, or presented for re-approval.

#### (b) PROCEDURE FOR TRANSPORT UNDER COVER OF A TIR CARNET

#### Article 15

1. No special Customs documents shall be required in respect of the temporary importation of a road vehicle, combination of vehicles or container carrying goods under cover of the TIR procedure. No guarantee shall be required for the road vehicle or combination of vehicles or container.
2. The provisions of paragraph 1 of this Article shall not prevent a Contracting Party from requiring the fulfilment at the Customs office of destination of the formalities laid down by its national regulations to ensure that, once the TIR operation has been completed, the road vehicle, the combination of vehicles or the container will be re-exported.

#### Article 16

When a road vehicle or combination of vehicles is carrying out a TIR transport, one rectangular plate bearing the inscription "TIR" and conforming to the specifications given in Annex 5 to this Convention, shall be affixed to the front and another to the rear of the road vehicle or combination of vehicles. These plates shall be so placed as to be clearly visible. They shall be removable or be fitted or designed in such a way that these plates can be reversed, covered, folded or indicate in any other manner that a TIR transport is not carried out.

#### Article 17

1. A single TIR Carnet shall be made out in respect of each road vehicle or container. However, a single TIR Carnet may be made out in respect of a combination of vehicles or for several containers loaded on to a single road vehicle or on to a combination of vehicles. In that case the TIR manifest of the goods covered by the TIR Carnet shall list separately the contents of each vehicle in the combination of vehicles or of each container.
2. The TIR Carnet shall be valid for one journey only. It shall contain at least the number of detachable vouchers which are necessary for the TIR transport in question.

### Article 18

A TIR transport may involve several Customs offices of departure and destination, but the total number of Customs offices of departure and destination shall not exceed four. The TIR Carnet may only be presented to Customs offices of destination if all Customs offices of departure have accepted the TIR Carnet.

### Article 19

The goods and the road vehicle, the combination of vehicles or the container shall be produced with the TIR Carnet at the Customs office of departure. The Customs authorities of the country of departure shall take such measures as are necessary for satisfying themselves as to the accuracy of the goods manifest and either for affixing the Customs seals or for checking Customs seals affixed under the responsibility of the said Customs authorities by duly authorized persons.

### Article 20

For journeys in the territory of their country, the Customs authorities may fix a time-limit and require the road vehicle, the combination of vehicles or the container to follow a prescribed route.

### Article 21

At each Customs office en route and at Customs offices of destination, the road vehicle, the combination of vehicles or the container shall be produced for purposes of control to the Customs authorities together with the load and the TIR Carnet relating thereto.

### Article 22

1. As a general rule and except when they examine the goods in accordance with Article 5, paragraph 2, the Customs authorities of the Customs offices en route of each of the Contracting Parties shall accept the Customs seals of other Contracting Parties, provided that they are intact. The said Customs authorities may, however, if control requirements make it necessary, add their own seals.

2. The Customs seals thus accepted by a Contracting Party shall have in the territory of that Contracting Party the benefit of the same legal protection as is accorded to the national seals.

### Article 23

The Customs authorities shall not:

- require road vehicles, combinations of vehicles or containers to be escorted at the carriers' expense on the territory of their country,
- require examination en route of road vehicles, combinations of vehicles or containers and their loads

except in special cases.

#### Article 24

If the Customs authorities conduct an examination of the load of a road vehicle, combination of vehicles or the container in the course of the journey or at a Customs office en route, they shall record on the TIR Carnet vouchers used in their country, on the corresponding counterfoils, and on the vouchers remaining in the TIR Carnet, particulars of the new seals affixed and of the controls carried out.

#### Article 25

If the Customs seals are broken en route otherwise than in the circumstances of Articles 24 and 35, or if any goods are destroyed or damaged without breaking of such seals, the procedure laid down in Annex I to this Convention for the use of the TIR Carnet shall, without prejudice to the possible application of the provisions of national law, be followed and the certified report in the TIR Carnet shall be completed.

#### Article 26

1. When transport under cover of a TIR Carnet takes place in part in the territory of a State which is not a Contracting Party to this Convention, the TIR transport shall be suspended during that part of the journey. In that case, the Customs authorities of the Contracting Party on whose territory the journey continues shall accept the TIR Carnet for the resumption of the TIR transport, provided that the Customs seals and/or identifying marks have remained intact. Where the Customs seals have not remained intact, the Customs authorities may accept the TIR Carnet for resumption of the TIR transport under the provisions of Article 25.

2. The same shall apply where for a part of the journey the TIR Carnet is not used by the holder of the Carnet in the territory of a Contracting Party because of the existence of simpler Customs transit procedures or when the use of a Customs transit regime is not necessary.

3. In such cases the Customs offices where the TIR transport is suspended or resumed shall be deemed to be Customs offices of exit en route and Customs offices of entry en route respectively.

#### Article 27

Subject to the provisions of this Convention and in particular of Article 18, another Customs office of destination may be substituted for a Customs office of destination originally indicated.

#### Article 28

1. Termination of a TIR operation shall be certified by the Customs authorities without delay. Termination of a TIR operation may be certified without or with reservation: where termination is certified with reservation this shall be on account of facts connected with the TIR operation itself. These facts shall be clearly indicated in the TIR Carnet.

2. In cases where the goods are placed under another Customs procedure or another system of Customs control, all irregularities that may be committed under that other Customs procedure or system of Customs control shall not be attributed to the TIR Carnet holder as such or any person acting on his behalf.

(c) PROVISIONS CONCERNING TRANSPORT OF HEAVY  
OR BULKY GOODS

Article 29

1. The provisions of this section apply only to the transport of heavy or bulky goods as defined in Article 1, subparagraph (p), of this Convention.

2. Where the provisions of this section apply, heavy or bulky goods may, if the authorities at the Customs office of departure so decide, be carried by means of non-sealed vehicles or containers.

3. The provisions of this section shall apply only if, in the opinion of the authorities at the Customs office of departure, the heavy or bulky goods carried and any accessories carried with them can be easily identified by reference to the description given, or can be provided with Customs seals and/or identifying marks so as to prevent any substitution, or removal of the goods, without it being obvious.

Article 30

All the provisions of this Convention, save those to which the special provisions of this section make an exception, shall apply to the transport of heavy or bulky goods under the TIR procedure.

Article 31

The liability of the guaranteeing association shall cover not only the goods enumerated in the TIR Carnet, but also any goods which, though not enumerated in the Carnet, are on the load platform or among the goods enumerated in the TIR Carnet.

Article 32

The cover and all vouchers of the TIR Carnet shall bear the endorsement "heavy or bulky goods" in bold letters in English or in French.

### Article 33

The authorities at the Customs office of departure may require such packing lists, photographs, drawings, etc., as are necessary for the identification of the goods carried to be appended to the TIR Carnet. In this case they shall endorse these documents, one copy of the said documents shall be attached to the inside of the cover page of the TIR Carnet, and all the manifests of the TIR Carnet shall include a reference to such documents.

### Article 34

The authorities at the Customs offices en route of each of the Contracting Parties shall accept the Customs seals and/or identifying marks affixed by the competent authorities of other Contracting Parties. They may, however, affix additional seals and/or identifying marks; they shall record particulars of the new seals and/or identifying marks on the vouchers of the TIR Carnet used in their country, on the corresponding counterfoils and on the vouchers remaining in the TIR Carnet.

### Article 35

If Customs authorities conducting an examination of the load at a Customs office en route or in the course of the journey are obliged to break seals and/or remove identifying marks, they shall record the new seals and/or identifying marks on the vouchers of the TIR Carnet used in their country, on the corresponding counterfoils and on the vouchers remaining in the TIR Carnet.

## Chapter IV

### IRREGULARITIES

#### Article 36

Any breach of the provisions of this Convention shall render the offender liable, in the country where the offence was committed, to the penalties prescribed by the law of that country.

#### Article 37

When it is not possible to establish in which territory an irregularity was committed, it shall be deemed to have been committed in the territory of the Contracting Party where it is detected.

### Article 38

1. Each of the Contracting Parties shall have the right to exclude temporarily or permanently from the operation of this Convention any person guilty of a serious offence against the Customs laws or regulations applicable to the international transport of goods.

2. This exclusion shall be notified within one week to the competent authorities of the Contracting Party on whose territory the person concerned is established or resident, to the association(s) in the country or Customs territory where the offence has been committed and to the TIR Executive Board.

### Article 39

When TIR operations are accepted as being otherwise in order:

1. The Contracting Parties shall disregard minor discrepancies in the observance of time-limits or routes prescribed.

2. Likewise, discrepancies between the particulars on the goods manifest of the TIR Carnet and the actual contents of a road vehicle, combination of vehicles or container shall not be considered as infringements of the Convention by the holder of the TIR Carnet when evidence is produced to the satisfaction of the competent authorities that these discrepancies were not due to mistakes committed knowingly or through negligence at the time when the goods were loaded or dispatched or when the manifest was made out.

### Article 40

The Customs administrations of the countries of departure and of destination shall not consider the holder of the TIR Carnet responsible for the discrepancies which may be discovered in those countries, when the discrepancies in fact relate to the Customs procedures which preceded or followed a TIR transport and in which the holder was not involved.

### Article 41

When it is established to the satisfaction of the Customs authorities that goods specified on the manifest of a TIR Carnet have been destroyed or have been irrecoverably lost by accident or force majeure or that they are short by reason of their nature, payment of the duties and taxes normally due shall be waived.

### Article 42

On receipt from a Contracting Party for a request giving the relevant reasons, the competent authorities of the Contracting Parties concerned in a TIR transport shall furnish that Contracting Party with all the available information needed for implementation of the provisions of Articles 39, 40 and 41 above.

#### Article 42 bis

The competent authorities, in close cooperation with the associations, shall take all necessary measures to ensure the proper use of TIR Carnets. To this effect they may take appropriate national and international control measures. National control measures taken in this context by the competent authorities shall be communicated immediately to the TIR Executive Board which will examine their conformity with the provisions of the Convention. International control measures shall be adopted by the Administrative Committee.

#### Article 42 ter

The competent authorities of the Contracting Parties shall, as appropriate, provide authorized associations with information that they require to fulfil the undertaking given in accordance with Annex 9, Part I, para. 3(iii). Annex 10 sets out the information to be provided in particular cases.

### Chapter V

#### EXPLANATORY NOTES

#### Article 43

The Explanatory Notes set out in Annex 6 and Annex 7, Part III, interpret certain provisions of this Convention and its Annexes. They also describe certain recommended practices.

### Chapter VI

#### MISCELLANEOUS PROVISIONS

#### Article 44

Each Contracting Party shall provide the guaranteeing associations concerned with facilities for:

- (a) the transfer of the currency necessary for the sums claimed by the authorities of Contracting Parties by virtue of the provisions of Article 8 of this Convention; and
- (b) the transfer of currency for payment for TIR Carnet forms sent to the guaranteeing associations by the corresponding foreign associations or by the international organizations.

#### Article 45

Each Contracting Party shall cause to be published the list of the Customs offices of departure, Customs offices en route and Customs offices of destination approved by it for accomplishing TIR operations. The Contracting Parties of adjacent territories shall consult each other to agree upon corresponding frontier offices and upon their opening hours.

#### Article 46

1. No charge shall be made for Customs attendance in connection with the Customs operations mentioned in this Convention, save where it is provided on days or at times or places other than those normally appointed for such operations.
2. Contracting Parties shall arrange to the fullest extent possible for Customs operations concerning perishable goods at Customs offices to be facilitated.

#### Article 47

1. The provisions of this Convention shall preclude neither the application of restrictions and controls imposed under national regulations on grounds of public morality, public security, hygiene or public health, or for veterinary or phytopathological reasons, nor the levy of dues chargeable by virtue of such regulations.
2. The provisions of this Convention shall not preclude the application of other provisions either national or international governing transport.

#### Article 48

Nothing in this Convention shall prevent Contracting Parties which form a Customs or Economic Union from enacting special provisions in respect of transport operations commencing or terminating, or passing through, their territories, provided that such provisions do not attenuate the facilities provided for by this Convention.

#### Article 49

This Convention shall not prevent the application of greater facilities which Contracting Parties grant or may wish to grant either by unilateral provisions or by virtue of bilateral or multilateral agreements provided that such facilities do not impede the application of the provisions of this Convention, and in particular, TIR operations.

#### Article 50

The Contracting Parties shall communicate to one another, on request, information necessary for implementing the provisions of this Convention, and particularly information relating to the approval of road vehicles or containers and to the technical characteristics of their design.

#### Article 51

The Annexes to this Convention form an integral part of the Convention.

## Chapter VII

### FINAL CLAUSES

#### Article 52

##### Signature, ratification, acceptance, approval and accession

1. All States Members of the United Nations or members of any of the specialized agencies or of the International Atomic Energy Agency or Parties to the Statute of the International Court of Justice, and any other State invited by the General Assembly of the United Nations, may become Contracting Parties to this Convention:

- (a) by signing it without reservation of ratification, acceptance or approval;
- (b) by depositing an instrument of ratification, acceptance or approval after signing it subject to ratification, acceptance or approval; or
- (c) by depositing an instrument of accession.

2. This Convention shall be open from 1 January 1976 until 1 December 1976 inclusive for signature at the Office of the United Nations at Geneva by the States referred to in paragraph 1 of this Article. Thereafter it shall be open for their accession.

3. Customs or economic unions may, together with all their member States or at any time after all their member States have become Contracting Parties to this Convention, also become Contracting Parties to this Convention in accordance with the provisions of paragraphs 1 and 2 of this Article. However, these unions shall not have the right to vote.

4. The instruments of ratification, acceptance, approval or accession shall be deposited with the Secretary-General of the United Nations.

#### Article 53

##### Entry into force

1. This Convention shall enter into force six months after the date on which five States referred to in Article 52, paragraph 1, have signed it without reservation of ratification, acceptance or approval or have deposited their instruments of ratification, acceptance, approval or accession.

2. After five States referred to in Article 52, paragraph 1, have signed it without reservation of ratification, acceptance or approval, or have deposited their instruments of ratification, acceptance, approval or accession, this Convention shall enter into force for further Contracting Parties six months after the date of the deposit of their instruments of ratification, acceptance, approval or accession.

3. Any instrument of ratification, acceptance, approval or accession deposited after the entry into force of an amendment to this Convention shall be deemed to apply to this Convention as amended.

4. Any such instrument deposited after an amendment has been accepted but before it has entered into force shall be deemed to apply to this Convention as amended on the date when the amendment enters into force.

#### Article 54

##### Denunciation

1. Any Contracting Party may denounce this Convention by so notifying the Secretary-General of the United Nations.

2. Denunciation shall take effect fifteen months after the date of receipt by the Secretary-General of the notification of denunciation.

3. The validity of TIR Carnets accepted by the Customs office of departure before the date when the denunciation takes effect shall not be affected thereby and the guarantee of the guaranteeing association shall hold good in accordance with the provisions of this Convention.

#### Article 55

##### Termination

If, after the entry into force of this Convention, the number of States which are Contracting Parties is for any period of twelve consecutive months reduced to less than five, the Convention shall cease to have effect from the end of the twelve-month period.

#### Article 56

##### Termination of the operation of the TIR Convention, 1959

1. Upon its entry into force, this Convention shall terminate and replace, in relations between the Contracting Parties to this Convention, the TIR Convention, 1959.

2. Certificates of approval issued in respect of road vehicles and containers under the conditions of the TIR Convention, 1959, shall be accepted during the period of their validity or any extension thereof for the transport of goods under Customs seal by Contracting Parties to this Convention, provided that such vehicles and containers continue to fulfil the conditions under which they were originally approved.

## Article 57

### Settlement of disputes

1. Any dispute between two or more Contracting Parties concerning the interpretation or application of this Convention shall, so far as possible be settled by negotiation between them or other means of settlement.
2. Any dispute between two or more Contracting Parties concerning the interpretation or application of this Convention which cannot be settled by the means indicated in paragraph 1 of this Article shall, at the request of one of them, be referred to an arbitration tribunal composed as follows: each Party to the dispute shall appoint an arbitrator and these arbitrators shall appoint another arbitrator, who shall be chairman. If, three months after receipt of a request, one of the Parties has failed to appoint an arbitrator or if the arbitrators have failed to elect the chairman, any of the Parties may request the Secretary-General of the United Nations to appoint an arbitrator or the chairman of the arbitration tribunal.
3. The decision of the arbitration tribunal established under the provisions of paragraph 2 shall be binding on the Parties to the dispute.
4. The arbitration tribunal shall determine its own rules of procedure.
5. Decisions of the arbitration tribunal shall be taken by majority vote.
6. Any controversy which may arise between the Parties to the dispute as regards the interpretation and execution of the award may be submitted by any of the Parties for judgment to the arbitration tribunal which made the award.

## Article 58

### Reservations

1. Any State may, at the time of signing, ratifying or acceding to this Convention, declare that it does not consider itself bound by Article 57, paragraphs 2 to 6, of this Convention. Other Contracting Parties shall not be bound by these paragraphs in respect of any Contracting Party which has entered such a reservation.
2. Any Contracting Party having entered a reservation as provided for in paragraph 1 of this Article may at any time withdraw such reservation by notifying the Secretary-General of the United Nations.
3. Apart from the reservations provided for in paragraph 1 of this Article, no reservation to this Convention shall be permitted.

## Article 58 bis

### Administrative Committee

An Administrative Committee composed of all the Contracting Parties shall be established. Its composition, functions and rules of procedure are set out in Annex 8.

## Article 58 ter

### TIR Executive Board

The Administrative Committee shall establish a TIR Executive Board as a subsidiary body which will, on its behalf, fulfil the tasks entrusted to it by the Convention and by the Committee. Its composition, functions and rules of procedure are set out in Annex 8.

## Article 59

### Procedure for amending this Convention

1. This Convention, including its Annexes, may be amended upon the proposal of a Contracting Party by the procedure specified in this Article.
2. Any proposed amendment to this Convention shall be considered by the Administrative Committee composed of all the Contracting Parties in accordance with the rules of procedure set out in Annex 8. Any such amendment considered or prepared during the meeting of the Administrative Committee and adopted by it by a two-thirds majority of the members present and voting shall be communicated by the Secretary-General of the United Nations to the Contracting Parties for their acceptance.
3. Except as provided for under Article 60, any proposed amendment communicated in accordance with the preceding paragraph shall come into force with respect to all Contracting Parties three months after the expiry of a period of twelve months following the date of communication of the proposed amendment during which period no objection to the proposed amendment has been communicated to the Secretary-General of the United Nations by a State which is a Contracting Party.
4. If an objection to the proposed amendment has been communicated in accordance with paragraph 3 of this Article, the amendment shall be deemed not to have been accepted and shall have no effect whatsoever.

## Article 60

### Special procedure for amending Annexes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10

1. Any proposed amendment to Annexes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 considered in accordance with paragraphs 1 and 2 of Article 59 shall come into force on a date to be determined by the Administrative Committee at the time of its adoption, unless by a prior date determined by the Administrative Committee at the same time, one-fifth or five of the States which are Contracting Parties, whichever number is less, notify the Secretary-General of the United Nations of their objection to the amendment. Determination by the

Administrative Committee of dates referred to in this paragraph shall be by a two-thirds majority of those present and voting.

2. On entry into force, any amendment adopted in accordance with the procedures set out in paragraph 1 above shall for all Contracting Parties replace and supersede any previous provisions to which the amendment refers.

## Article 61

### Requests, communications and objections

The Secretary-General of the United Nations shall inform all Contracting Parties and all States referred to in Article 52, paragraph 1, of this Convention of any request, communication or objection under Articles 59 and 60 above and of the date on which any amendment enters into force.

## Article 62

### Review Conference

1. Any State which is a Contracting Party may, by notification to the Secretary-General of the United Nations, request that a conference be convened for the purpose of reviewing this Convention.

2. A review conference to which all Contracting Parties and all States referred to in Article 52, paragraph 1, shall be invited, shall be convened by the Secretary-General of the United Nations if, within a period of six months following the date of notification by the Secretary-General, not less than one-fourth of the States which are Contracting Parties notify him of their concurrence with the request.

3. A review conference to which all Contracting Parties and all States referred to in Article 52, paragraph 1, shall be invited shall also be convened by the Secretary-General of the United Nations upon notification of a request by the Administrative Committee. The Administrative Committee shall make a request if agreed to by a majority of those present and voting in the Committee.

4. If a conference is convened in pursuance of paragraphs 1 or 3 of this Article, the Secretary-General of the United Nations shall so advise all the Contracting Parties and invite them to submit, within a period of three months, the proposals which they wish the conference to consider. The Secretary-General of the United Nations shall circulate to all Contracting Parties the provisional agenda for the conference, together with the texts of such proposals, at least three months before the date on which the conference is to meet.

### Article 63

#### Notifications

In addition to the notifications and communications provided for in Articles 61 and 62, the Secretary-General of the United Nations shall notify all the States referred to in Article 52 of the following:

- (a) signatures, ratifications, acceptances, approvals and accessions under Article 52;
- (b) the dates of entry into force of this Convention in accordance with Article 53;
- (c) denunciations under Article 54;
- (d) the termination of this Convention under Article 55;
- (e) reservations under Article 58.

### Article 64

#### Authentic text

After 31 December 1976, the original of this Convention shall be deposited with the Secretary-General of the United Nations, who shall transmit certified true copies to each of the Contracting Parties and to the States referred to in Article 52, paragraph 1, which are not Contracting Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed this Convention.

DONE at Geneva, this fourteenth day of November one thousand nine hundred and seventy-five, in a single copy in the English, French and Russian languages, the three texts being equally authentic.

---



## Annex IV Istanbul Convention

*CONVENTION on Temporary Admission (Istanbul, 26 June 1990)*

*Body of the Convention and Annexes A*

*(Unofficial consolidated version as of 3 November 2014)*

### CONVENTION ON TEMPORARY ADMISSION

#### PREAMBLE

THE CONTRACTING PARTIES to this Convention, established under the auspices of the Customs Co-operation Council,

NOTING that the present situation regarding the proliferation and dispersed nature of international Customs Conventions on temporary admission is unsatisfactory,

CONSIDERING that the situation could worsen in the future when new categories of temporary admission need to be regulated internationally,

HAVING REGARD to the wishes of trade representatives and other interested parties, to the effect that the accomplishment of temporary admission formalities be facilitated,

CONSIDERING that the simplification and harmonization of Customs procedures and, in particular, the adoption of a single international instrument combining all existing Conventions on temporary admission can facilitate access to international provisions governing temporary admission and effectively contribute to the development of international trade and of other international exchanges,

CONVINCED that an international instrument proposing uniform provisions in respect of temporary admission can bring substantial benefits for international exchanges and ensure a high degree of simplification and harmonization of Customs procedures, which is one of the essential aims of the Customs Co-operation Council,

RESOLVED to facilitate temporary admission by simplifying and harmonizing procedures, in pursuit of economic, humanitarian, cultural, social or touring objectives,

CONSIDERING that the adoption of standardized model temporary admission papers as international Customs documents with international security contributes to facilitating the temporary admission procedure where a Customs document and security are required,

HAVE AGREED as follows :

#### CHAPTER I

## General provisions

### Definitions

#### Article 1

For the purposes of this Convention, the term :

- (a) "temporary admission" means :

the Customs procedure under which certain goods (including means of transport) can be brought into a Customs territory conditionally relieved from payment of import duties and taxes and without application of import prohibitions or restrictions of economic character; such goods (including means of transport) must be imported for a specific purpose and must be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of them;

- (b) "import duties and taxes" means :

Customs duties and all other duties, taxes, fees or other charges which are collected on or in connection with the importation of goods (including means of transport), but not including fees and charges which are limited in amount to the approximate cost of services rendered;

- (c) "security" means :

that which ensures to the satisfaction of the Customs that an obligation to the Customs will be fulfilled. Security is described as "general" when it ensures that the obligations arising from several operations will be fulfilled;

- (d) "temporary admission papers" means :

the international Customs document accepted as a Customs declaration which makes it possible to identify goods (including means of transport) and which incorporates an internationally valid guarantee to cover import duties and taxes;

- (e) "Customs or Economic Union" means :

a Union constituted by, and composed of Members, as referred to in Article 24, paragraph 1, of this Convention, which has competence to adopt its own legislation that is binding on its Members, in respect of matters governed by this Convention, and has competence to decide, in accordance with its internal procedures, to sign, ratify or accede to this Convention;

- (f) "person" means :

both natural and legal persons, unless the context otherwise requires;

- (g) "the Council" means :

the Organization set up by the Convention establishing a Customs Co-operation Council, Brussels, 15 December 1950;

- (h) "ratification" means :
- ratification, acceptance or approval.

## CHAPTER II

### Scope of the Convention

#### Article 2

1. Each Contracting Party undertakes to grant temporary admission, in accordance with the provisions of this Convention, to the goods (including means of transport) specified in the Annexes to this Convention.
2. Without prejudice to the provisions of Annex E, temporary admission shall be granted with total conditional relief from import duties and taxes and without application of import restrictions or prohibitions of economic character.

### Structure of the Annexes

#### Article 3

Each Annex to this Convention consists, in principle, of :

- (a) definitions of the main Customs terms used in the Annex;
- (b) special provisions applicable to the goods (including means of transport) which form the subject of the Annex.

## CHAPTER III

### Special provisions Document and security

#### Article 4

1. Unless otherwise provided for in an Annex, each Contracting Party shall have the right to make the temporary admission of goods (including means of transport) subject to the production of a Customs document and provision of security.
2. Where (under paragraph 1 above) security is required, persons who regularly use the temporary admission procedure may be authorized to provide general security.

3. Unless otherwise provided for in an Annex, the amount of security shall not exceed the amount of the import duties and taxes from which the goods (including means of transport) are conditionally relieved.
4. For goods (including means of transport) subject to import prohibitions or restrictions under national legislation, an additional security may be required under the provisions laid down in national legislation.

### Temporary admission papers

#### Article 5

Without prejudice to temporary admission operations under the provisions of Annex E, each Contracting Party shall accept, in lieu of its national Customs documents and as due security for the sums referred to in Article 8 of Annex A, temporary admission papers valid for its territory and issued and used in accordance with the conditions laid down in that Annex for goods (including means of transport) temporarily imported under the other Annexes to this Convention which it has accepted.

### Identification

#### Article 6

Each Contracting Party may make the temporary admission of goods (including means of transport) subject to the condition that they be identifiable when temporary admission is terminated.

### Period for re-exportation

#### Article 7

1. Goods (including means of transport) granted temporary admission shall be re-exported within a given period considered sufficient to achieve the object of temporary admission. Such a period is laid down separately in each Annex.
2. The Customs authorities may either grant a longer period than that provided for in each Annex, or extend the initial period.
3. When the goods (including means of transport) granted temporary admission cannot be re-exported as a result of a seizure other than a seizure made at the suit of private persons, the requirement of re-exportation shall be suspended for the duration of the seizure.

### Transfer of temporary admission

#### Article 8

Each Contracting Party may, on request, authorize the transfer of the benefit of the temporary admission procedure to any other person, provided that such other person :

- (a) satisfies the conditions laid down in this Convention; and
- (b) accepts the obligations of the first beneficiary of the temporary admission procedure.

#### Termination of temporary admission

##### Article 9

Temporary admission is normally terminated by re-exportation of the goods (including means of transport) granted temporary admission.

##### Article 10

Temporarily admitted goods (including means of transport) may be re-exported in one or more consignments.

##### Article 11

Temporarily admitted goods (including means of transport) may be re-exported through a Customs office other than that through which they were imported.

#### Other possible cases of termination

##### Article 12

Temporary admission may be terminated with the agreement of the competent authorities, by placing the goods (including means of transport) in a free port or free zone, in a Customs warehouse or under a Customs transit procedure with a view to their subsequent exportation or other authorized disposal.

##### Article 13

Temporary admission may be terminated by clearance for home use, when circumstances justify and national legislation so permits, subject to compliance with the conditions and formalities applicable in such case.

##### Article 14

1. Temporary admission may be terminated where goods (including means of transport) have been seriously damaged by accident or force majeure and are, as the Customs authorities may decide :

- (a) subjected to the import duties and taxes to which they are liable at the time when they are presented to the Customs in their damaged condition for the purpose of terminating temporary admission;
  - (b) abandoned, free of all expense, to the competent authorities of the territory of temporary admission, in which case the person benefiting from temporary admission shall be free of payment of import duties and taxes; or
  - (c) destroyed, under official supervision, at the expense of the parties concerned any parts or materials salvaged being subjected, if cleared for home use, to the import duties and taxes to which they are liable at the time when, and in the condition in which they are presented to the Customs after accident or force majeure.
2. Temporary admission may also be terminated where, at the request of the person concerned, the goods (including means of transport) are disposed of in one of the ways provided for in paragraph 1 (b) or (c) above, as the Customs authorities may decide.
3. Temporary admission may also be terminated at the request of the person concerned where that person satisfies the Customs authorities of the destruction or total loss of the goods (including means of transport) by accident or force majeure. In that case, the person benefiting from temporary admission shall be free of payment of import duties and taxes.

## CHAPTER IV

### Miscellaneous provisions

#### Reduction of formalities

##### Article 15

Each Contracting Party shall reduce to a minimum the Customs formalities required in connection with the facilities provided for in this Convention. All regulations concerning such formalities shall be promptly published.

#### Prior authorization

##### Article 16

1. When temporary admission is subject to prior authorization, this shall be granted by the competent Customs office as soon as possible.
2. When, in exceptional cases, non-Customs authorization is required, this shall be granted as soon as possible.

#### Minimum facilities

## Article 17

The provisions of this Convention set out the minimum facilities to be accorded. They do not prevent the application of greater facilities which Contracting Parties grant or may grant in future by unilateral provisions or by virtue of bilateral or multilateral agreements.

## Customs or Economic Unions

### Article 18

1. For the purpose of this Convention, the territories of Contracting Parties which form a Customs or Economic Union may be taken to be a single territory.
2. Nothing in this Convention shall prevent Contracting Parties which form a Customs or Economic Union from enacting special provisions applicable to temporary admission operations in the territory of that Union, provided those provisions do not reduce the facilities provided for by this Convention.

## Prohibitions and restrictions

### Article 19

The provisions of this Convention shall not preclude the application of prohibitions or restrictions imposed under national laws and regulations on the basis of non-economic considerations such as considerations of public morality or order, public security and public hygiene or health, veterinary or phytosanitary considerations, considerations relating to the protection of endangered species of wild fauna and flora, or considerations relating to the protection of copyright and industrial property.

## Offences

### Article 20

1. Any breach of the provisions of this Convention shall render the offender liable in the territory of the Contracting Party where the offence was committed to the penalties prescribed by the legislation of that Contracting Party.
2. When it is not possible to establish in which territory an irregularity occurred, it shall be deemed to have been committed in the territory of the Contracting Party where it is detected.

## Exchange of information

### Article 21

The Contracting Parties shall communicate to one another, on request and to the extent allowed by national legislation, information necessary for implementing the provisions of this Convention.

### *Electronic data-processing techniques*

#### Article 21a

All formalities necessary for implementing the provisions of this Convention may be carried out electronically by using electronic data-processing techniques approved by the Contracting Parties.

## CHAPTER V

### Final provisions

#### Administrative Committee

#### Article 22

1. There shall be established an Administrative Committee to consider the implementation of this Convention, any measures to secure uniformity in the interpretation and application thereof, and any amendments proposed thereto. The Administrative Committee shall decide upon the incorporation of new Annexes to this Convention.
2. The Contracting Parties shall be members of the Administrative Committee. The Committee may decide that the competent administration of any Member, State or Customs territory referred to in Article 24 of this Convention which are not Contracting Parties, or representatives of international organizations may, for questions which interest them, attend the sessions of the Committee as observers.
3. The Council shall provide the Committee with Secretariat services.
4. The Committee shall, on the occasion of every session, elect a Chairman and a Vice-Chairman.
5. The competent administrations of the Contracting Parties shall communicate to the Council proposals for amendments to this Convention and the reasons therefore, together with any requests for the inclusion of items on the Agenda of the sessions of the Committee. The Council shall bring them to the attention of the competent administrations of the Contracting Parties and of the Members, States or Customs territories referred to in Article 24 of this Convention which are not Contracting Parties.
6. The Council shall convene the Committee at a time fixed by the Committee and also at the request of the competent administrations of at least two Contracting Parties. It shall circulate the draft Agenda to the competent administrations of the Contracting Parties and of the Members, States or Customs territories referred to in Article 24 of this Convention which are not Contracting Parties, at least six weeks before the Committee meets.

7. On the decision of the Committee, taken by virtue of the provisions of paragraph 2 of this Article, the Council shall invite the competent administrations of the Members, States or Customs territories referred to in Article 24 of this Convention which are not Contracting Parties and the international organizations concerned to be represented by observers at the sessions of the Committee.
8. Proposals shall be put to the vote. Each Contracting Party represented at the meeting shall have one vote. Proposals other than proposals for amendments to this Convention shall be adopted by the Committee by a majority of Members present and voting. Proposals for amendments to this Convention shall be adopted by a two-thirds majority of Members present and voting.
9. Where Article 24, paragraph 7 of this Convention applies, the Customs or Economic Unions Parties to this Convention shall have, in case of voting, only a number of votes equal to the total votes allotted to their Members which are Contracting Parties to this Convention.
10. Before the closure of its session, the Committee shall adopt a report.
11. In the absence of relevant provisions in this Article, the Rules of Procedure of the Council shall be applicable unless the Committee decides otherwise.

#### Settlement of disputes

##### Article 23

1. Any dispute between two or more Contracting Parties concerning the interpretation or application of this Convention shall so far as possible be settled by negotiation between them.
2. Any dispute which is not settled by negotiation shall be referred by the Contracting Parties in dispute to the Administrative Committee which shall thereupon consider the dispute and make recommendations for its settlement.
3. The Contracting Parties in dispute may agree in advance to accept the recommendations of the Administrative Committee as binding.

#### Signature, ratification and accession

##### Article 24

1. Any Member of the Council and any Member of the United Nations or its specialized agencies may become a Contracting Party to this Convention :
  - (a) by signing it without reservation of ratification;
  - (b) by depositing an instrument of ratification after signing it subject to ratification; or
  - (c) by acceding to it.

2. This Convention shall be open for signature by the Members referred to in paragraph 1 of this Article, either at the Council Sessions at which it is adopted, or, thereafter at the Headquarters of the Council in Brussels until 30 June 1991. After that date, it shall be open for accession by such Members.
3. Any State, or Government of any separate Customs territory which is proposed by a Contracting Party having responsibility for the formal conduct of its diplomatic relations but which is autonomous in the conduct of its commercial relations, not being a Member of the Organizations referred to in paragraph 1 of this Article, to which an invitation to that effect has been addressed by the depositary at the request of the Administrative Committee, may become a Contracting Party to this Convention by acceding thereto after its entry into force.
4. Any Member, State or Customs territory referred to in paragraph 1 or 3 of this Article shall at the time of signing without reservation of ratification, ratifying or acceding to this Convention specify the Annexes it accepts, it being necessary to accept Annex A and at least one other Annex. It may subsequently notify the depositary that it accepts one or more further Annexes.
5. Contracting Parties accepting any new Annex which the Administrative Committee decides to incorporate in this Convention shall notify the depositary in accordance with paragraph 4 of this Article.
6. Contracting Parties shall communicate to the depositary the conditions of application of or the information required under Article 8 and Article 24, paragraph 7 of this Convention; Annex A, Article 2, paragraphs 2 and 3; Annex E, Article 4. They shall also communicate any changes in the application of those provisions.
7. Any Customs or Economic Union may become, in accordance with paragraphs 1, 2 and 4 of this Article, a Contracting Party to this Convention. Such Customs or Economic Union shall inform the depositary of its competence with respect to the matters governed by this Convention. The Customs or Economic Union which is a Contracting Party to this Convention shall, for the matters within its competence, exercise in its own name the rights, and fulfil the responsibilities, which this Convention confers on its Members which are Contracting Parties to this Convention. In such case, these Members shall not be entitled to individually exercise these rights, including the right to vote.

## Depositary

### Article 25

1. This Convention, all signatures with or without reservation of ratification and all instruments of ratification or accession shall be deposited with the Secretary General of the Council.
2. The depositary shall :
  - (a) receive and keep custody of the original texts of this Convention;

- (b) prepare certified copies of the original texts of this Convention and transmit them to the Members and the Customs or Economic Unions referred to in Article 24, paragraphs 1 and 7, of this Convention;
  - (c) receive any signature with or without reservation of ratification, ratification or accession to this Convention and receive and keep custody of any instruments, notifications and communications relating to it;
  - (d) examine whether the signature or any instrument, notification or communication relating to this Convention is in due and proper form and, if need be, bring the matter to the attention of the Contracting Party in question;
  - (e) notify the Contracting Parties to this Convention, the other signatories, those Members of the Council that are not Contracting Parties to this Convention, and the Secretary General of the United Nations of :
    - signatures, ratifications, accessions and acceptances of Annexes under Article 24 of this Convention;
    - new Annexes which the Administrative Committee decides to incorporate in this Convention;
    - the date of entry into force of this Convention and of each of the Annexes in accordance with Article 26 of this Convention;
    - notifications received in accordance with Articles 24, 29, 30 and 32 of this Convention;
    - denunciations under Article 31 of this Convention;
    - any amendment deemed to have been accepted in accordance with Article 32 of this Convention and the date of its entry into force.
3. In the event of any difference appearing between a Contracting Party and the depositary as to the performance of the latter's functions, the depositary or that Contracting Party shall bring the question to the attention of the other Contracting Parties and the signatories or, where appropriate, to the Council.

#### Entry into force

##### Article 26

1. This Convention shall enter into force three months after five of the Members or Customs or Economic Unions referred to in Article 24, paragraphs 1 and 7, of this Convention have signed this Convention without reservation of ratification or have deposited their instruments of ratification or accession.
2. For any Contracting Party signing without reservation of ratification, ratifying or acceding to this Convention after five Members or Customs or Economic Unions have signed it without reservation of ratification or have deposited their instruments of ratification or accession, this Convention shall enter into force three months after the said Contracting Party has

signed without reservation of ratification or deposited its instrument of ratification or accession.

3. Any Annex to this Convention shall enter into force three months after five Members or Customs or Economic Unions have accepted that Annex.
4. For any Contracting Party which accepts an Annex after five Members or Customs or Economic Unions have accepted it, that Annex shall enter into force three months after the said Contracting Party has notified its acceptance. No Annex shall, however, enter into force for a Contracting Party before this Convention has entered into force for that Contracting Party.

#### Rescinding provision

##### Article 27

Upon the entry into force of an Annex to this Convention containing a rescinding provision, that Annex shall terminate and replace the Conventions or the provisions of the Conventions which are the subject of the rescinding provision, in relations between the Contracting Parties which have accepted that Annex and are Contracting Parties to such Conventions.

#### Convention and Annexes

##### Article 28

1. For the purposes of this Convention, any Annexes to which a Contracting Party is bound shall be construed to be an integral part of this Convention, and in relation to that Contracting Party any reference to this Convention shall be deemed to include a reference to such Annexes.
2. For the purposes of voting in the Administrative Committee, each Annex shall be taken to be a separate Convention.

#### Reservations

##### Article 29

1. Any Contracting Party which accepts an Annex shall be deemed to accept all the provisions therein, unless at the time of accepting the Annex or any time thereafter it notifies the depositary of the provisions in respect of which it enters reservations, insofar as this possibility is provided for in the Annex concerned, stating the differences existing between the provisions of its national legislation and the provisions concerned.
2. Each Contracting Party shall at least once every five years review the provisions in respect of which it has entered reservations, compare them with the provisions of its national legislation and notify the depositary of the results of that review.

3. Any Contracting Party which has entered reservations may withdraw them, in whole or in part, at any time, by notification to the depositary specifying the date on which such withdrawal takes effect.

#### Territorial extension

##### Article 30

1. Any Contracting Party may, at the time of signing this Convention without reservation of ratification or of depositing its instrument of ratification or accession, or at any time thereafter, declare by notification given to the depositary that this Convention shall extend to all or any of the territories for whose international relations it is responsible. Such notification shall take effect three months after the date of the receipt thereof by the depositary. However, this Convention shall not apply to the territories named in the notification before this Convention has entered into force for the Contracting Party concerned.
2. Any Contracting Party which has made a notification under paragraph 1 of this Article extending this Convention to any territory for whose international relations it is responsible may notify the depositary, under the procedure of Article 31 of this Convention, that the territory in question will no longer apply this Convention.

#### Denunciation

##### Article 31

1. This Convention is of unlimited duration but any Contracting Party may denounce it at any time after the date of its entry into force under Article 26 of this Convention.
2. The denunciation shall be notified by an instrument in writing, deposited with the depositary.
3. The denunciation shall take effect six months after the receipt of the instrument of denunciation by the depositary.
4. The provisions of paragraphs 2 and 3 of this Article shall also apply in respect of the Annexes to this Convention, any Contracting Party being entitled, at any time after the date of their entry into force under Article 26 of this Convention, to withdraw its acceptance of one or more Annexes. Any Contracting Party which withdraws its acceptance of all the Annexes shall be deemed to have denounced this Convention. Furthermore, a Contracting Party which withdraws its acceptance of Annex A, even though it continues to accept other Annexes, shall be deemed to have denounced this Convention.

#### Amendment procedure

##### Article 32

1. The Administrative Committee, meeting in accordance with Article 22 of this Convention, may recommend amendments to this Convention and its Annexes.

2. The text of any amendment so recommended shall be communicated by the depositary to all Contracting Parties to this Convention, to the other signatories and to those Members of the Council that are not Contracting Parties to this Convention.
3. Any recommended amendment communicated in accordance with the preceding paragraph shall enter into force in respect of all Contracting Parties six months after the expiry of a period of twelve months following the date of communication of the recommended amendment if no objection to the recommended amendment has been notified during that period to the depositary by a Contracting Party.
4. If an objection to the recommended amendment has been notified to the depositary by a Contracting Party before the expiry of the period of twelve months specified in paragraph 3 of this Article, the amendment shall be deemed not to have been accepted and shall have no effect whatsoever.
5. For the purposes of notifying an objection, each Annex shall be taken to be a separate Convention.

#### Acceptance of amendments

##### Article 33

1. Any Contracting Party which ratifies this Convention or accedes thereto shall be deemed to have accepted any amendments thereto which have entered into force at the date of deposit of its instrument of ratification or accession.
2. Any Contracting Party which accepts an Annex shall be deemed, unless it enters reservations under Article 29 of this Convention, to have accepted any amendments to that Annex which have entered into force at the date on which it notifies its acceptance to the depositary.

#### Registration and authentic texts

##### Article 34

In accordance with Article 102 of the Charter of the United Nations, this Convention shall be registered with the Secretariat of the United Nations, at the request of the depositary.

In witness whereof the undersigned, being duly authorized thereto, have signed this Convention.

Done at Istanbul this twenty-sixth day of June nineteen hundred and ninety, in a single original, in the English and French languages, both texts being equally authentic. The depositary is requested to prepare and circulate authoritative translations of this Convention in the Arabic, Chinese, Russian and Spanish languages.

## ANNEX A

### ANNEX CONCERNING TEMPORARY ADMISSION PAPERS (ATA CARNETS AND CPD CARNETS)

#### CHAPTER I

##### Definitions

##### Article 1

For the purposes of this Annex, the term :

(a) "temporary admission papers" means :

the international Customs document accepted as a Customs declaration which makes it possible to identify goods (including means of transport) and which incorporates an internationally valid guarantee to cover import duties and taxes;

(b) "ATA carnet" means :

the temporary admission papers used for the temporary admission of goods, excluding means of transport;

(c) "CPD carnet" means :

the temporary admission papers used for the temporary admission of means of transport;

(d) "guaranteeing chain" means :

a guaranteeing scheme administered by an international organization to which guaranteeing associations are affiliate;

(e) "international organization" means :

an organization to which national associations authorized to guarantee and issue temporary admission papers are affiliated;

(f) "guaranteeing association" means :

an association approved by the Customs authorities of a Contracting Party to guarantee the sums referred to in Article 8 of this Annex, in the territory of that Contracting Party, and affiliated to a guaranteeing chain;

(g) "issuing association" means :

an association approved by the Customs authorities to issue temporary admission papers and affiliated directly or indirectly to a guaranteeing chain;

(h) "corresponding issuing association" means :

an issuing association established in another Contracting Party and affiliated to the same guaranteeing chain;

(i) "Customs transit" means :

the Customs procedure under which goods are transported under Customs control from one Customs office to another.

## CHAPTER II

### Scope

#### Article 2

1. In accordance with Article 5 of this Convention, each Contracting Party shall accept in lieu of its national Customs documents, and as due security for the sums referred to in Article 8 of this Annex, temporary admission papers valid for its territory and issued and used in accordance with the conditions laid down in this Annex for goods (including means of transport), temporarily imported under the other Annexes to this Convention which it has accepted.
2. Each Contracting Party may also accept temporary admission papers, issued and used under the same conditions, for temporary admission operations under its national laws and regulations.
3. Each Contracting Party may accept temporary admission papers, issued and used under the same conditions, for Customs transit.
4. Goods (including means of transport), intended to be processed or repaired shall not be imported under cover of temporary admission papers.

#### Article 3

1. Temporary admission papers shall correspond to the models set out in the Appendices to this Annex : Appendix I for ATA carnets, Appendix II for CPD carnets.
2. The Appendices to this Annex shall be construed to be an integral part of the Annex.

## CHAPTER III

### Guarantee and issue of temporary admission papers

#### Article 4

1. Subject to such conditions and guarantees as it shall determine, each Contracting Party may authorize guaranteeing associations to act as guarantors and to issue temporary admission papers, either directly or through issuing associations.
2. A guaranteeing association shall not be approved by any Contracting Party unless its guarantee covers the liabilities incurred in that Contracting Party in connection with operations under cover of temporary admission papers issued by corresponding issuing associations.

#### Article 5

1. Issuing associations shall not issue temporary admission papers with a period of validity exceeding one year from the date of issue.
2. Any particulars inserted on temporary admission papers by the issuing associations may be altered only with the approval of the issuing or guaranteeing association. No alteration to those papers may be made after they have been accepted by the Customs authorities of the territory of temporary admission, except with the consent of those authorities.
3. Once an ATA carnet has been issued, no extra item shall be added to the list of goods enumerated on the reverse of the front cover of the carnet, or on any continuation sheets appended thereto (General list).

#### Article 6

The following particulars shall appear on the temporary admission papers :

- the name of the issuing association;
- the name of the international guaranteeing chain;
- the countries or Customs territories in which the temporary admission papers are valid; and
- the names of the guaranteeing associations of the countries or Customs territories in question.

#### Article 7

The period fixed for the re-exportation of goods (including means of transport) imported under cover of temporary admission papers shall not in any case exceed the period of validity of those papers.

## CHAPTER IV

### Guarantee

#### Article 8

1. Each guaranteeing association shall undertake to pay to the Customs authorities of the Contracting Party in the territory of which it is established the amount of the import duties and taxes and any other sums, excluding those referred to in Article 4, paragraph 4, of this Convention, payable in the event of non-compliance with the conditions of temporary admission, or of Customs transit, in respect of goods (including means of transport) introduced into that territory under cover of temporary admission papers issued by a corresponding issuing association. It shall be liable jointly and severally with the persons from whom the sums mentioned above are due, for payment of such sums.

2. ATA carnet :

The liability of the guaranteeing association shall not exceed the amount of the import duties and taxes by more than ten per-cent.

CPD carnet :

The guaranteeing association shall not be required to pay a sum greater than the total amount of the import duties and taxes, together with interest if applicable.

3. When the Customs authorities of the territory of temporary admission have unconditionally discharged temporary admission papers in respect of certain goods (including means of transport), they can no longer claim from the guaranteeing association payment of the sums referred to in paragraph 1 of this Article in respect of these goods (including means of transport). A claim may nevertheless still be made against the guaranteeing association if it is subsequently discovered that the discharge of the papers was obtained improperly or fraudulently or that there had been a breach of the conditions of temporary admission or of Customs transit.

4. ATA carnet :

Customs authorities shall not in any circumstances require from the guaranteeing association payment of the sums referred to in paragraph 1 of this Article if a claim has not been made against the guaranteeing association within a year of the date of expiry of the validity of the ATA carnet.

5. CPD carnet :

Customs authorities shall not in any circumstances require from the guaranteeing association payment of the sums referred to in paragraph 1 of this Article if notification of the non-discharge of the CPD carnet has not been given to the guaranteeing association within a year of the date of expiry of the validity of the carnet. Furthermore, the Customs authorities shall provide the guaranteeing association with details of the calculation of import duties and taxes due within one year from the notification of the non-discharge. The guaranteeing association's liability for these sums shall cease if such information is not furnished within this one-year period.

## CHAPTER V

### Regularization of temporary admission papers

#### Article 9

##### 1. ATA carnet :

- (a) The guaranteeing association shall have a period of six months from the date of the claim made by the Customs authorities for the sums referred to in Article 8, paragraph 1 of this Annex in which to furnish proof of re-exportation under the conditions laid down in this Annex or of any other proper discharge of the ATA carnet.
- (b) If such proof is not furnished within the time allowed the guaranteeing association shall forthwith deposit, or pay provisionally, such sums. This deposit or payment shall become final after a period of three months from the date of the deposit or payment. During the latter period, the guaranteeing association may still furnish the proof referred to in subparagraph (a) of this paragraph with a view to recovery of the sums deposited or paid.
- (c) For Contracting Parties whose laws and regulations do not provide for the deposit or provisional payment of import duties and taxes, payments made in conformity with the provisions of subparagraph (b) of this paragraph shall be regarded as final, but the sums paid shall be refunded if the proof referred to in subparagraph (a) of this paragraph is furnished within three months of the date of the payment.

##### 2. CPD carnet :

- (a) The guaranteeing association shall have a period of one year from the date of notification of the non-discharge of CPD carnets in which to furnish proof of re-exportation under the conditions laid down in this Annex or of any other proper discharge of the CPD carnet. Nevertheless, this period can come into force only as of the date of expiry of the CPD carnet. If the Customs authorities contest the validity of the proof provided they must so inform the guaranteeing association within a period not exceeding one year.

- (b) If such proof is not furnished within the time allowed the guaranteeing association shall deposit, or pay provisionally, within a maximum period of three months the import duties and taxes payable. This deposit or payment shall become final after a period of one year from the date of the deposit or payment. During the latter period, the guaranteeing association may still furnish the proof referred to in subparagraph (a) of this paragraph with a view to recovery of the sums deposited or paid.
- (c) For Contracting Parties whose laws and regulations do not provide for the deposit or provisional payment of import duties and taxes, payments made in conformity with the provisions of subparagraph (b) of this paragraph shall be regarded as final, but the sums paid shall be refunded if the proof referred to in subparagraph (a) of this paragraph is furnished within a year of the date of the payment.

#### Article 10

1. Evidence of re-exportation of goods (including means of transport) imported under cover of temporary admission papers shall be provided by the re-exportation counterfoil completed and stamped by the Customs authorities of the territory of temporary admission.
2. If the re-exportation has not been certified in accordance with paragraph 1 of this Article, the Customs authorities of the territory of temporary admission may, even if the period of validity of the papers has already expired, accept as evidence of re-exportation :
  - (a) the particulars entered by the Customs authorities of another Contracting Party in the temporary admission papers on importation or re-importation or a certificate issued by those authorities based on the particulars entered on a voucher which has been detached from the papers on importation or on re-importation into their territory, provided that the particulars relate to an importation or re-importation which can be proved to have taken place after the re-exportation which it is intended to establish;
  - (b) any other documentary proof that the goods (including means of transport) are outside that territory.
3. In any case in which the Customs authorities of a Contracting Party waive the requirement of re-exportation of certain goods (including means of transport) admitted into their territory under cover of temporary admission papers, the guaranteeing association shall be discharged from its obligations only when those authorities have certified in the papers that the position regarding those goods (including means of transport) has been regularized.

#### Article 11

In the cases referred to in Article 10, paragraph 2 of this Annex, the Customs authorities shall have the right to charge a regularization fee.

## CHAPTER VI

### Miscellaneous provisions

#### Article 12

Customs endorsements on temporary admission papers used under the conditions laid down in this Annex shall not be subject to the payment of charges for Customs attendance at Customs offices during the normal hours of business.

#### Article 13

In the case of the destruction, loss or theft of temporary admission papers while the goods (including means of transport) to which they refer are in the territory of one of the Contracting Parties, the Customs authorities of that Contracting Party shall, at the request of the issuing association and subject to such conditions as those authorities may prescribe, accept replacement papers, the validity of which expires on the same date as that of the papers which they replace.

#### Article 14

1. Where it is expected that the temporary admission operation will exceed the period of validity of the temporary admission papers because of the inability of the holder to re-export the goods (including means of transport) within that period, the association which issued the papers may issue replacement papers. Such papers shall be submitted to the Customs authorities of the Contracting Parties concerned for control. When accepting the replacement papers, the Customs authorities concerned shall discharge the papers replaced.
2. The validity of CPD carnets can only be extended once for not more than one year. After this period, a new carnet must be issued in replacement of the former carnet and accepted by the Customs authorities.

#### Article 15

Where Article 7, paragraph 3, of this Convention applies, the Customs authorities shall, as far as possible, notify the guaranteeing association of seizures made by them or on their behalf of goods (including means of transport) admitted under cover of temporary admission papers guaranteed by that association and shall advise it of the measures they intend to take.

#### Article 16

In the event of fraud, contravention or abuse, the Contracting Parties shall, notwithstanding the provisions of this Annex, be free to take proceedings against persons using

temporary admission papers, for the recovery of the import duties and taxes and other sums payable and also for the imposition of any penalties to which such persons have rendered themselves liable. In such cases the associations shall lend their assistance to the Customs authorities.

#### Article 17

Temporary admission papers or parts thereof which have been issued or are intended to be issued in the territory into which they are imported and which are sent to an issuing association by a guaranteeing association, by an international organization or by the Customs authorities of a Contracting Party, shall be admitted free of import duties and taxes and free of any import prohibitions or restrictions. Corresponding facilities shall be granted at exportation.

#### Article 18

1. Each Contracting Party shall have the right to enter a reservation, in accordance with Article 29 of this Convention, in respect of the acceptance of ATA carnets for postal traffic.
2. No other reservation to this Annex shall be permitted.

#### Article 19

1. Upon its entry into force this Annex shall, in accordance with Article 27 of this Convention, terminate and replace the Customs Convention on the ATA carnet for the temporary admission of goods, Brussels, 6 December 1961 (ATA Convention), in relations between the Contracting Parties which have accepted this Annex and are Contracting Parties to that Convention.
2. Notwithstanding the provisions of paragraph 1 of this Article, ATA carnets which have been issued under the terms of the ATA Convention prior to the entry into force of this Annex, shall be accepted until completion of the operations for which they were issued.



## Annex V WCO Data Model – Business Process for Transit

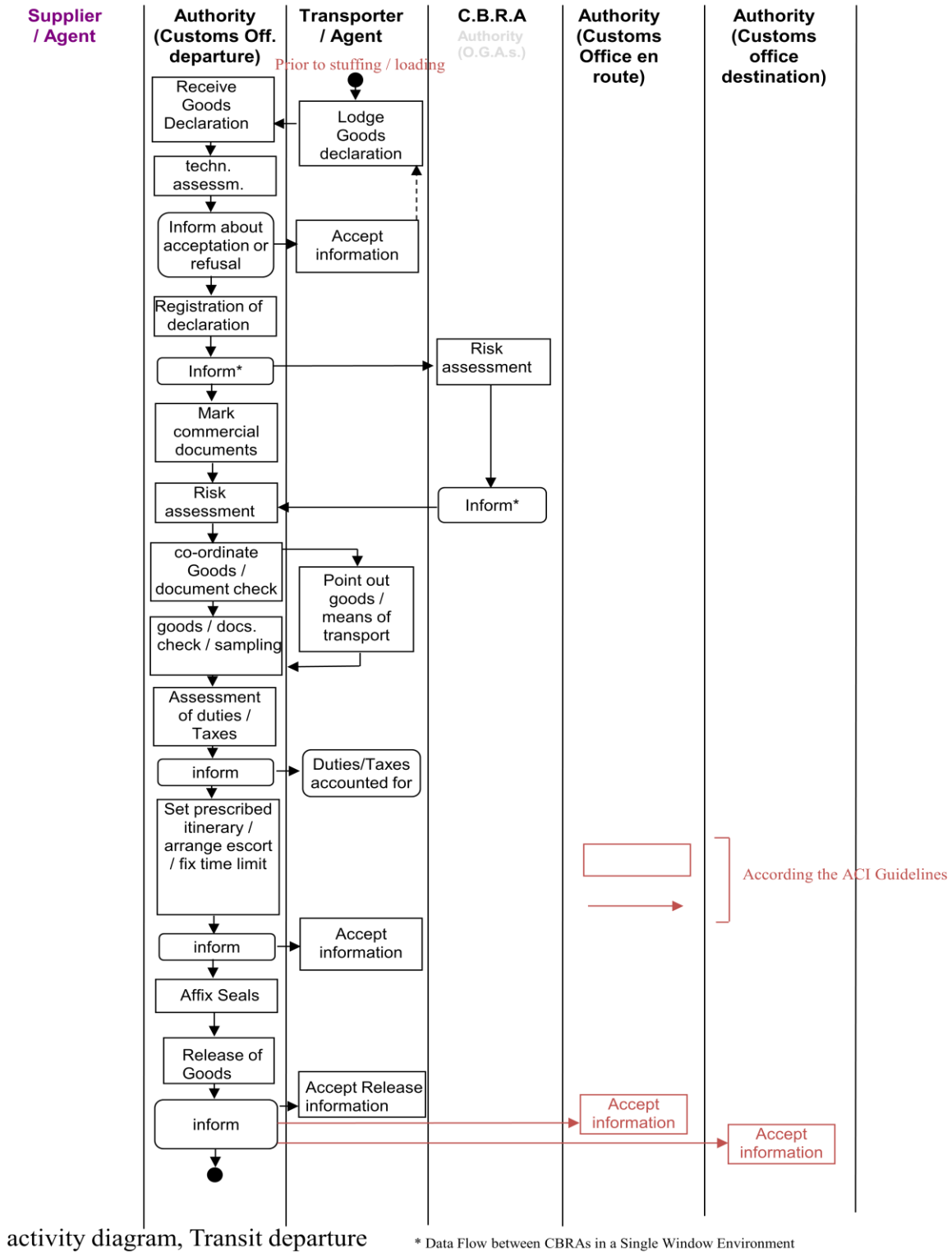
### Use Case Description

Name	<b>Customs transit operation (departure)</b>
Traceability Ind.	
Actors	<p>Supplier: Consignor, Invoicer, Payee, Seller</p> <p>Agent: Customs Agent, Customs Broker, Declarant, Bank, Credit agency, PSI Company, Insurer</p> <p>Transporter : Freight forwarder, Carrier</p> <p>Authority: Crosss-Border Regulatory Agencies (C.B.R.As) including Customs, Other Government Agencies such as Health, Immigration, Veterinary, Agricultural.</p> <p>Customer: Buyer, Consignee, Invoicee, Orderer</p>
Description	The necessary arrangements are made to enable goods to be placed under the Customs Transit Procedure.
Pre-condition	Goods are to be presented for Transit.
Post-condition	The Customs Transit operation will be terminated by arrival of the goods and production of the Transit documentation at the Customs office of destination.
Scenario 1	<p><b>Starts when</b> Goods arrive at the Customs Office of departure</p> <ul style="list-style-type: none"> <li>- Prior to the start of the Customs Transit Operation,Transporter or Agent declares all goods for Customs Transit Procedure (hereafter called Transit) to Authority (Customs office Departure) by means of a Goods declaration and the required commercial documents e.g. invoice, packing list, transport document.</li> <li>- Authority (Customs) confirms the receipt of declaration <sup>≠</sup></li> <li>- Authority (Customs) informs Authority (OGA)@</li> <li>- Authority (OGA) confirms receipt of information@</li> <li>- Authority (OGA) carries out Risk Assessment and informs Authority (Customs)@</li> <li>- Authority (Customs) confirms receipt of information</li> <li>- Authority (Customs) marks the commercial documents</li> <li>- Authority (Customs) carries out risk assessment</li> <li>- Authority (Customs) co-ordinates goods/documents check, seals transport unit and put seal number(s) on documentation</li> <li>- Authority (Customs) informs Authority (OGA) about the results of the goods/documents check <sup>≠@</sup></li> <li>- Authority (Customs) assesses Duties/Taxes *</li> <li>- Authority (Customs) sets prescribed itinerary / time limit / arranges escort</li> <li>- Authority (Customs) releases the goods.</li> <li>- Authority (Customs) informs Authority (Customs office of destination) <sup>≠</sup></li> <li>- Authority (Customs office of destination) confirms receipt of information <sup>≠</sup></li> <li>- Transporter(Carrier) transports the goods <sup>≠</sup></li> </ul> <p><b>Ends when</b> Goods arrive and the Transit documentation have been produced at the Customs office of destination.</p>
Alternative scenarios	

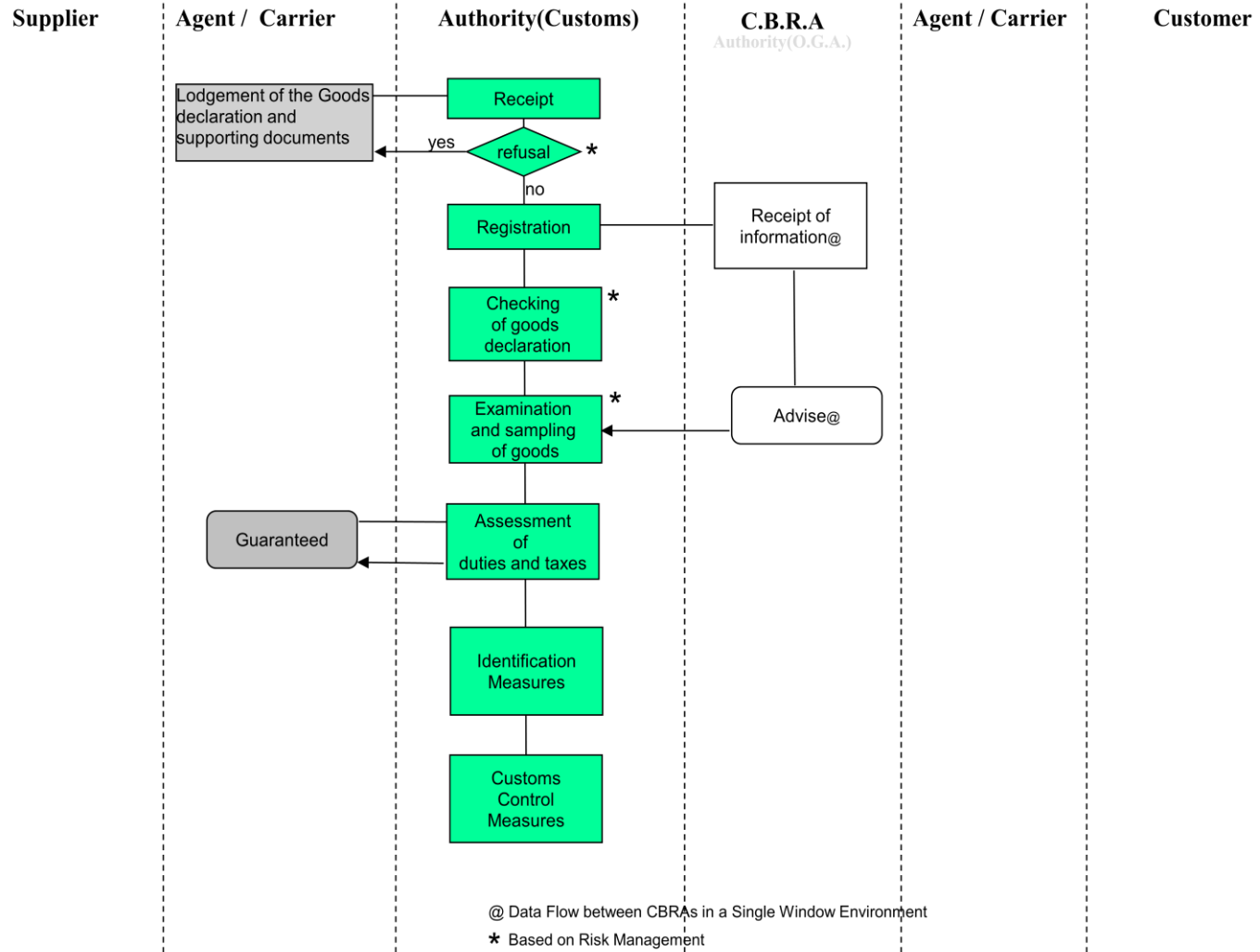
<sup>≠</sup> These detailed steps (sometimes related to the ACI guidelines) are necessary to describe the Customs Business Process. The high level revised Kyoto Convention does not refer to these details.

\* The collection of duties and taxes in the country of exportation is possible, when such duties and taxes remain due whether the goods are exported under Customs transit or under a national exportation procedure.

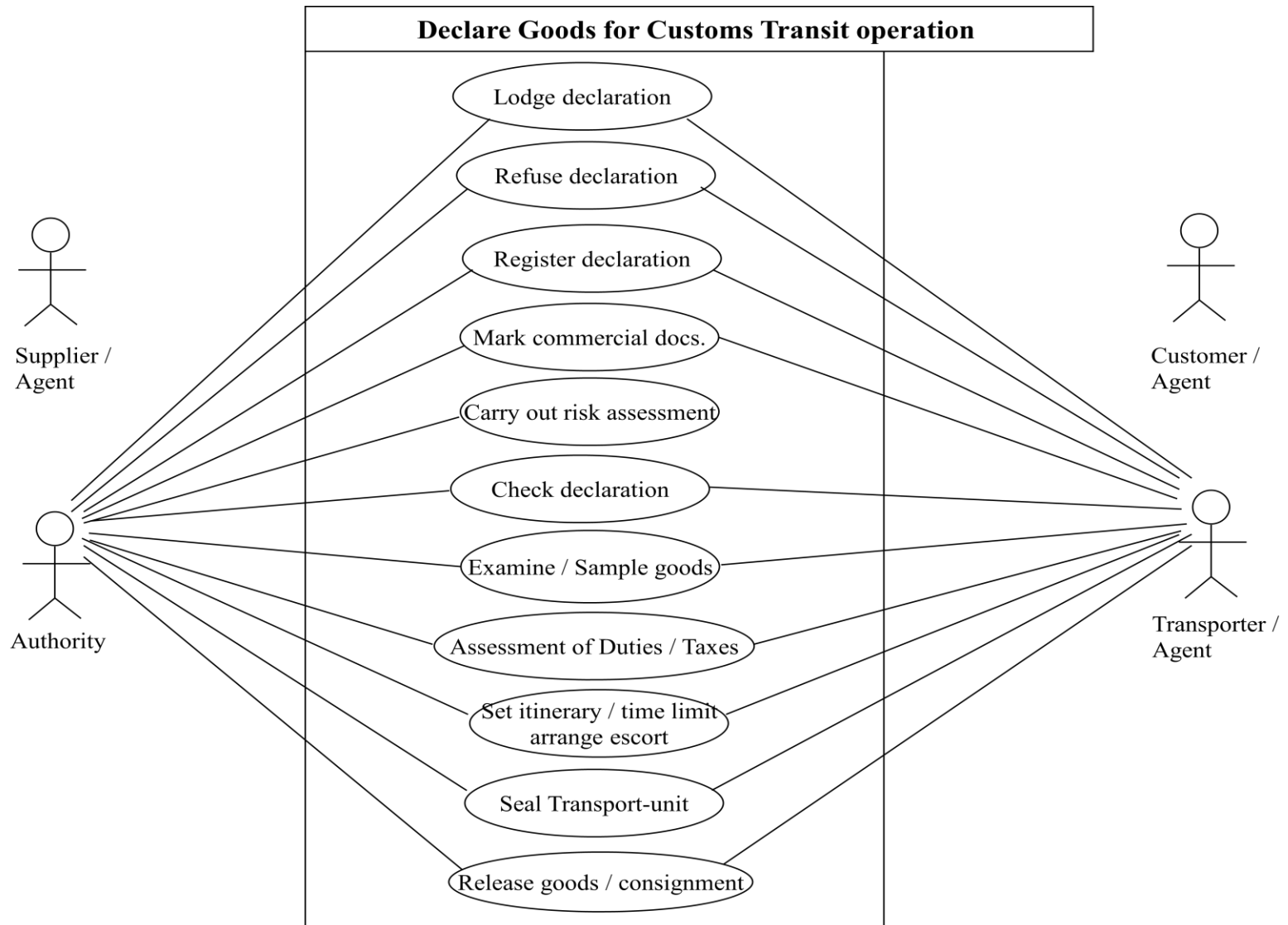
@ These step involves flow of data between CBRAs (Authority Customs & Authority OGA) in a Single Window Environment.



**Transit (departure)**



Copyright © 2008 World Customs Organization. All rights reserved. Requests and inquiries concerning translation, reproduction and adaptation rights should be addressed to copyright@wcoomd.org



Use Case – Transit Departure

“Copyright © 2008 World Customs Organization. All rights reserved. Requests and inquiries concerning translation, reproduction and adaptation rights should be addressed to [copyright@wcoomd.org](mailto:copyright@wcoomd.org)”.

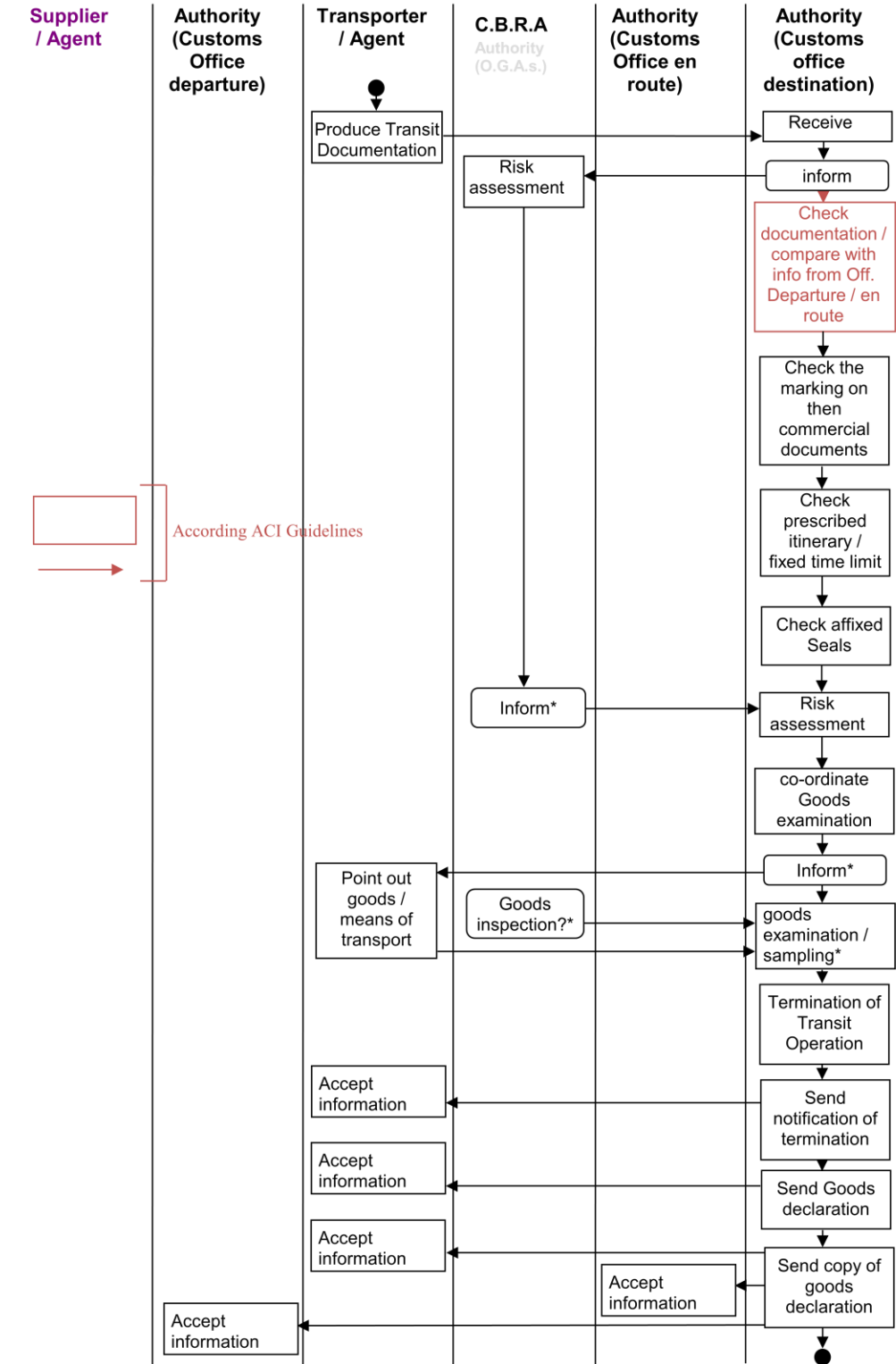
Use Case Description

Name	<b>Customs transit operation (destination)</b>
Traceability Ind.	
Actors	<p>Supplier: Consignor, Invoicer, Payee, Seller</p> <p>Agent: Customs Agent, Customs Broker, Declarant, Bank, Credit agency, PSI Company, Insurer</p> <p>Transporter : Freight forwarder, Carrier</p> <p>Authority: Crosss-Bprder Regulatory Agencies (C.B.R.As) including Customs, Other Government Agencies such as Health, Immigration, Veterinary, Agricultural.</p> <p>Customer: Buyer, Consignee, Invoicee, Orderer</p>
Description	The necessary arrangements are made to terminate the Customs Transit Operation.
Pre-condition	Goods conveyed under the Customs Transit Procedure need to be presented.
Post-condition	The Customs Transit operation will be terminated and the goods will be placed under a subsequent Customs procedure.
Scenario 1	<p><b>Starts when</b> Goods arrive at the Customs Office of destination</p> <ul style="list-style-type: none"> <li>- Agent / Transporter produces Transit documentation.</li> <li>- Authority (Customs) confirms the receipt of documentation <sup>‡</sup></li> <li>- Authority (Customs) informs Authority (OGA) <sup>‡@</sup></li> <li>- Authority (OGA) confirms receipt of information <sup>‡@</sup></li> <li>- Authority (Customs) checks the documentation</li> <li>- Authority (Customs) compares with information received from office of departure / office(s) en route <sup>‡1</sup></li> <li>- Authority (Customs) checks marking of the commercial documents <sup>‡</sup></li> <li>- Authority (Customs) checks prescribed itinerary / time limit / affixed seals</li> <li>- Authority (OGA) carries out Risk Assessment and informs Authority (Customs) <sup>‡@</sup></li> <li>- Authority (Customs) confirms receipt of information <sup>‡</sup></li> <li>- Authority (Customs) carries out risk assessment</li> <li>- Authority (Customs) co-ordinates goods check / sampling of goods <sup>@</sup></li> <li>- Authority (Customs) terminates Customs Transit Operation</li> <li>- Authority (Customs) informs Authority (Customs office of departure / Customs Office of entry)</li> <li>- Authority (Customs) informs agent / transporter</li> </ul> <p><b>Ends when</b> The Customs Transit operation is terminated.</p>
Alternative scenarios	

<sup>‡</sup> These detailed steps are necessary to describe the Customs Business Process. The high level revised Kyoto Convention does not refer to these details.

<sup>1</sup> According the ACI Guidelines.

@ These step involves flow of data between CBRAs (Authority Customs & Authority OGA) in a Single Window Environment.



activity diagram, Transit destination

\* Data Flow between CBRAs in a Single Window Environment

Copyright © 2008 World Customs Organization. All rights reserved. Requests and inquiries concerning translation, reproduction and adaptation rights should be addressed to copyright@wcoomd.org

Authority  
(Customs  
Depart.)

Authority  
(Customs Off.  
en route)

Agent / Carrier

Authority (Customs Dest.)

C.B.R.A  
Authority(O.G.A.)

Agent /Carrier

Customer

Submits Transit  
documentation

Receipt

Receipt of  
information@

\*  
Customs Control

\*  
Examination  
and sampling  
of goods

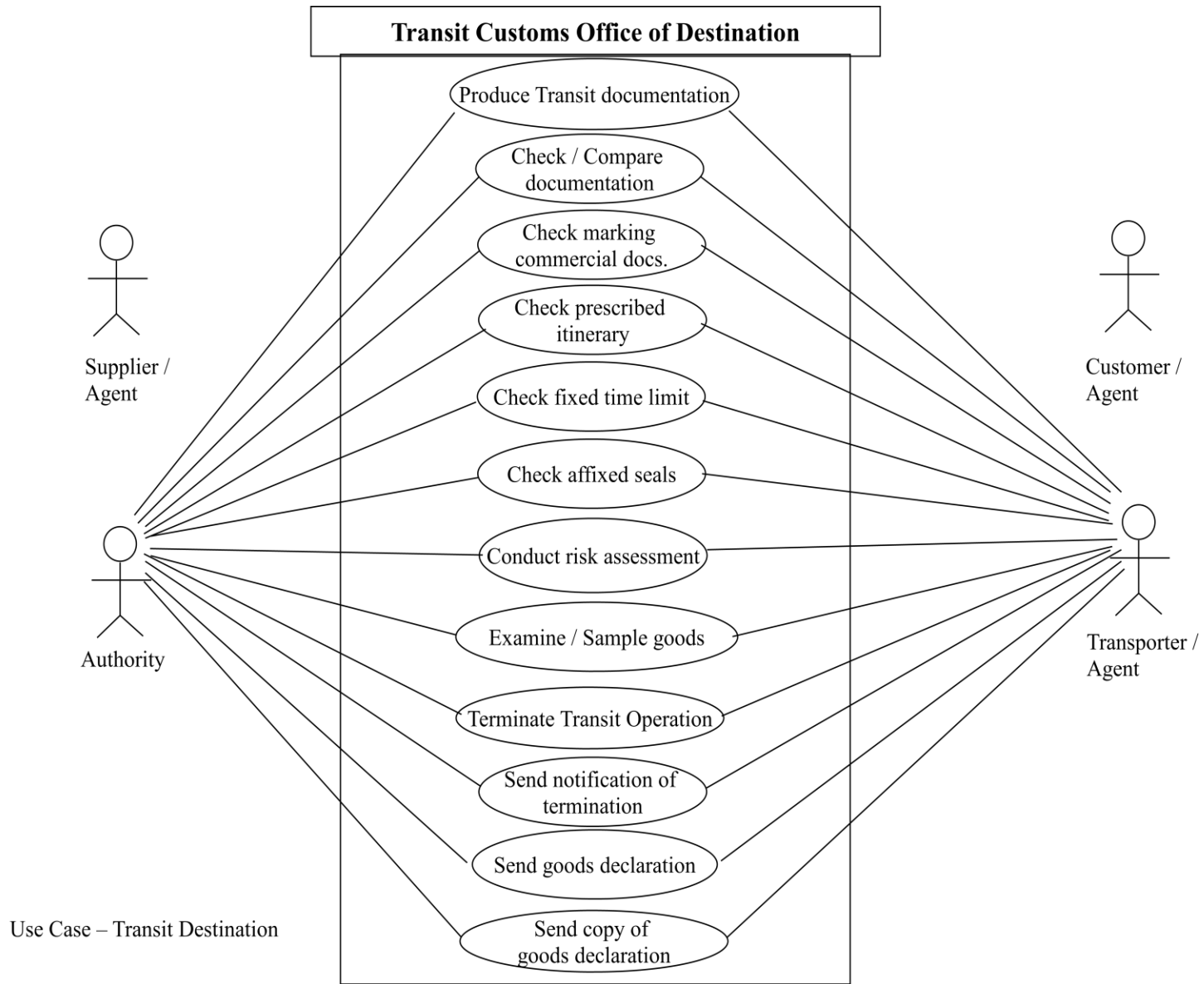
advice@

Transit (destination)

@ Data Flow between CBRAs in a Single Window Environment

\* Based on Risk Management

Copyright © 2008 World Customs Organization. All rights reserved. Requests and inquiries concerning translation, reproduction and adaptation rights should be addressed to copyright@wcoomd.org





WORLD CUSTOMS ORGANIZATION  
ORGANISATION MONDIALE DES DOUANES